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# ***Daily Report***

## **East Asia**

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# Daily Report

## East Asia

FBIS-EAS-88-241

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15 December 1988

**NOTICE TO READERS:** An \* indicates material not previously disseminated in electronic form.

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## Japan

**Ito, Uno To Remain After LDP, Cabinet Reshuffle**  
*OW1512120588 Tokyo KYODO in English 1144 GMT  
15 Dec 88*

[Text] Tokyo, Dec. 15 KYODO—Prime Minister Noboru Takeshita will retain Masayoshi Ito as chairman of the Liberal Democratic Party's decision-making Executive Council in a reshuffle expected later this month, government and LDP sources said Thursday.

Takeshita, who is also LDP president, has already decided to retain two other LDP officers, Shintaro Abe and Michio Watanabe as secretary general and policy chief, respectively.

In reorganizing the cabinet, Takeshita is considering to keep Foreign Minister Sosuke Uno at his present post, the sources said.

The prime minister is planning to pick Tatsuo Murayama, a close associate of former Finance Minister Kiichi Miyazawa, to fill the post of finance minister from which Miyazawa resigned on December 9.

Takeshita will reshuffle the cabinet and LDP executive lineup immediately after winning Diet approval of six tax reform bills which call, among other things, for imposing a 3 percent indirect tax.

Takeshita and his ruling LDP hope to pass the bills through the House of Councillors before the current extraordinary session ends on December 28, the sources said.

**NTT Chairman Resigns Over Recruit Scandal**  
*OW1412065188 Tokyo KYODO in English 0553 GMT  
14 Dec 88*

[Text] Tokyo, Dec. 14 KYODO—Nippon Telegraph and Telephone Corp. (NTT) Chairman Hisashi Shinto resigned Wednesday after being linked to the Recruit Cosmos stock trading scandal.

He tendered his resignation to Posts and Telecommunications Minister Masaaki Nakayama.

Shinto, 78, who had previously denied involvement in the scandal, acknowledged that 9 million yen found to have been transferred to his bank account was his share in a 21 million yen profit generated from the resale of 10,000 Recruit Cosmos shares by his former personal secretary, Kozo Murata. The firm has a real estate subsidiary of Recruit Co., an information industry conglomerate.

Murata, 63, purchased the stocks at 3,000 yen per share in September 1986, when they still unlisted, using a loan offered by First Finance Co., a recruit Co. Subsidiary.

The chairman's secretary sold the shares for some 5,200 yen each shortly after the stock was floated on the open market on October 30, 1986, making some 21 million yen above the amount of the loan and its interest.

The money was paid into Murata's own account on November 5 that year, and on the following day 9 million yen of its was transferred into Shinto's personal account at a Tokyo bank.

Shinto vigorously denied at a press conference last month that he received any profits from shares purchased by Murata, saying, "That's completely out of the question. How could I face everybody if I had done such a thing?"

Shinto's resignation brings the number of present and former NTT executives implicated in the scandal to three. The others are Ei Shikiba, director in charge of NTT's Integrated Network Service, and Hisako Hasegawa, former head of NTT's Data Communications Division who moved to Recruit to head Recruit International Van Co.

Shikiba purchased 10,000 shares in Recruit Cosmos and Hasegawa bought 5,000, both in December 1985. Both men attempted to avoid disclosure that they had also purchased 10,000 shares in Recruit Co. In September 1986.

They said under Diet questioning that they were offered the deals by Hiromasa Ezoe, founder and former chairman of Recruit Co.

Recruit is suspected of offering the shares in its real estate subsidiary to influential politicians and their aides, central and local government officials, and leading business figures, in an attempt to win their favor.

The offering of Recruit Cosmos shares to NTT officials is widely believed to be related to the controversial resale to Recruit Co. By NTT of two U.S.-made supercomputers and high-speed digital circuits in December 1986.

Officials of NTT, a quasi-governmental corporation, are prohibited by law from receiving personal donations from private firms with which NTT has pending contracts.

## NTT Director Resigns

*OW1512122788 Tokyo KYODO in English 1125 GMT  
15 Dec 88*

[Text] Tokyo, Dec. 15 KYODO—Ei Shikiba, relieved last week of his post as deputy chief of the Corporate Communications System division, Nippon Telegraph and Telephone Corp., Thursday resigned as an NTT director.

He was dismissed last Friday for having impaired public faith in NTT through the acquisition of stocks of Recruit Co. And its real estate arm, Recruit Cosmos.

Shikiba submitted his resignation Thursday to Haruo Yamaguchi, NTT president, to "take responsibility for a series of developments," NTT officials said.

His resignation followed NTT Chairman Hisashi Shinto's resignation Wednesday after being linked to the Recruit Cosmos stock trading scandal.

**Yano Rejects Call To Quit Komeito Leadership**  
*OW1512085788 Tokyo KYODO in English 0459 GMT 15 Dec 88*

[Text] Tokyo, Dec. 15 KYODO—Komeito leader Junya Yano insists he has no intention of resigning from the party leadership in the wake of his involvement in a controversial stock trading affair, Komeito officials said Thursday.

Yano, chairman of the No. 2 opposition party, told a meeting of senior party officers that he will never succumb to pressures from inside and outside the party to resign.

Yano has faced strong criticism from among party members and its main base of support, Soka Gakkai, a Buddhist organization, since he admitted having acted as an intermediary in a 1987 loan deal between his secretary and a businessman now on trial on tax evasion charges.

In a press conference on Monday, Yano denied buying shares of a subsidiary of Meidenko Co., a switchboard maker. But he said he handed 200 million yen to Atsushi Ishida, a managing director of Meidenko, on behalf of his secretary Michio Nakamura, in late May or early June 1987.

At that time, Yano said he was a mere go-between in a loan deal between Nakamura and Ishida.

Ishida and Meidenko's de facto owner Isao Nakaseko are both on trial for evading a huge amount of taxes.

**Finance Ministry Official on U.S. Trade Balance**  
*OW1512014488 Tokyo KYODO in English 1510 GMT 14 Dec 88*

[Text] Tokyo, Dec. 14 KYODO—A senior Finance Ministry official said Wednesday the U.S. trade deficit for October was within an expected range.

Makoto Utsumi, director general of the ministry's International Finance Bureau, said the Commerce Department announcement showed that the U.S. trade deficit was decreasing steadily.

The department said the U.S. trade deficit for October declined 3.4 percent from the previous month to 8.88 billion dollars.

Utsumi attributed the worsened trade imbalance with Japan to a rise in Japanese exports of motor vehicles but noted that the U.S. trade deficit has decreased steadily since the latter half of last year.

He said the U.S. gross national product was expanding and the trade deficit small compared with GNP growth.

Utsumi said a constant deficit of about 10 billion dollars would not warrant particular concern.

**Foreign Ministry on Shevardnadze Visit**  
*OW1512044588 Tokyo KYODO in English 0333 GMT 15 Dec 88*

[Text] Tokyo, Dec. 15 KYODO—Japan strongly expects that Soviet Foreign Minister Eduard Shevardnadze's visit to Tokyo starting Sunday will boost bilateral relations by making headway toward the settlement of a decades-long territorial dispute, according to the Foreign Ministry.

The territorial issue over the Soviet-held three islands and one island group off Hokkaido has been an obstacle to full-fledged development of good and stable relations between Tokyo and Moscow since the two countries restored diplomatic ties in October 1956 by signing a joint declaration, a high-level Foreign Ministry official said in a background briefing.

The official also expressed the hope that Shevardnadze's 4-day visit will pave the way for a visit by Soviet President Mikhail Gorbachev to Japan.

If that comes to pass, Gorbachev will be the first Soviet leader to visit Japan in the postwar period, whereas four Japanese prime ministers—Ichiro Hatoyama, Kakuei Tanaka, Zenko Suzuki, and Yasuhiro Nakasone—have visited Moscow.

The political climate surrounding the regular talks between Shevardnadze and his Japanese counterpart Sosuke Uno to be held next Monday and Tuesday is favorable to advance Japan-Soviet relations, the official pointed out.

The easing of East-West tensions, perestroika (economic restructuring) being promoted by Gorbachev and Japan's growing political and economic power were cited by the official as favorable factors in this respect.

The climate for improving Japan-Soviet relations was enhanced right after the signing of the joint declaration in 1956 and again in 1973, when then Japanese Prime Minister Kakuei Tanaka met the late Soviet leader Leonid Brezhnev in Moscow, the official added.

In the 1956 Japan-Soviet joint declaration, the two countries agreed that the Soviet Union would return the Habomai Island Group and Shikotan Island to Japan after concluding a peace treaty.

Japan has consistently claimed that settlement of the territorial dispute is a prerequisite for a peace treaty.

Tanaka and Brezhnev agreed that the territorial dispute was among the issues remaining unsettled between the two countries since the end of World War II, according to the Foreign Ministry.

The Soviet Union has shelved the Tanaka-Brezhnev agreement and rejected a Japanese demand for the return of Kunashiri Island and Etorofu Island as well as Habomai and Shikotan by maintaining there are no territorial problems pending between Moscow and Tokyo.

However, prominent Soviet figures, including academicians and journalists, reflecting the Soviet glasnost (openness) policy, have recently acknowledged the existence of the territorial problem.

Shevardnadze on Tuesday told Japanese Ambassador to Moscow Toshiaki Muto that he will discuss the northern territories issue with Uno during the three sessions of talks.

Prior to Shevardnadze's visit to Japan, the two sides succeeded in creating a friendly atmosphere through a series of working-level consultations on bilateral cooperation in such fields as trade, science, and culture, the ministry official said.

The official said that Japan is deeply interested in what stance Shevardnadze will take toward the long-standing territorial issue, although he said he regards the Soviet Union's official policy toward the dispute as unchanged.

Establishment of a good political climate and confidence were preconditions for providing large-scale Japanese economic cooperation involving government funds to the Soviet Union, the official said.

A higher-level Foreign Ministry official said that both Japan and the Soviet Union have a strong desire to improve bilateral relations, which he described as not being "warm" in the recent past.

On international affairs, discussions of the two foreign ministers are expected to center on the Korean peninsula and a peaceful settlement of the Kampuchean hostilities.

The two sides will also exchange views on Gorbachev's speech at the UN General Assembly declaring unilateral cuts in the Soviet Armed Forces and Japan's global roles in economic assistance, peace, and culture.

Shevardnadze, who is to visit Japan for the first time in 2 years and 11 months, will also meet Prime Minister Noboru Takeshita, former Prime Minister Yasuhiro Nakasone, and Shintaro Abe, a former foreign minister and currently secretary general of the ruling Liberal Democratic Party.

The Soviet foreign minister will proceed to the Philippines and North Korea after leaving Tokyo.

**Uno on Willingness To Meet Soviet Leaders**  
*OW1512085288 Tokyo KYODO in English 0518 GMT 15 Dec 88*

[Text] Tokyo, Dec. 15 KYODO—Foreign Minister Sosuke Uno said Thursday that Japan is prepared to hold talks with the Soviet Union at the foreign minister-level whenever necessary, anywhere in the world.

Uno, giving a lecture at a Tokyo hotel on the eve of the Soviet Foreign Minister Eduard Shevardnadze's visit to Japan, said he would be ready to fly at any time to Switzerland, France, Britain, or anywhere else for talks with Shevardnadze.

The foreign minister said the Soviet Union has gradually come to look eastward and that Japan hopes to use the opportunity to settle a territorial dispute over four Soviet-held islands off Hokkaido.

Shevardnadze, due to arrive Sunday afternoon for a 4-day visit, is scheduled to hold 3 rounds of talks with Uno Monday and Tuesday.

**Business Talks With Taiwan Delegation End**  
*OW1412071988 Tokyo KYODO in English 0606 GMT 14 Dec 88*

[Text] Tokyo, Dec. 14 KYODO—Japanese and Taiwanese business leaders ended 2 days of annual discussions in Tokyo with a joint statement calling for stepped-up Taiwanese efforts to boost exports to Japan and further dialogue to promote technological cooperation.

Noting that Taiwan's trade deficit with Japan is expected to reach a record 5.7 billion dollars this year, the statement specifically called for mid-term and long-term measures to rectify the situation.

Concerning industrial cooperation, the statement stressed the need for concentration on highly value-added sectors and joint investment in third countries.

Positive effort was also called for in improving air transport capabilities and lodging facilities in Taiwan to bring more Japanese tourists to the subtropical island.

Japanese tourism has been steadily expanding there for the past 3 years, the statement said.



The statement also said that it is desirable to cooperate further in the financial sector in view of expanded economic relations between Japan and Taiwan and the internationalization of financial markets.

It was agreed that a caucus session be held at an appropriate time during the course of the annual business session, it added.

The two sides also agreed to hold the next meeting in Taiwan in December next year.

The meeting, the 16th in a series, was held at a Tokyo hotel and attended by 140 Japanese business leaders and 130 of their Taiwanese counterparts.

Ryuzo Sejima, vice president of the Tokyo Chamber of Commerce and Industry, led the Japanese committee, while Koo Chen-fu, chairman of the Taiwan Cement Corp., headed the Taiwanese contingent.

Meeting reporters at the same hotel, Koo said that Taiwan welcomes Japanese direct investment in pollution-free biotechnology and semiconductor sectors.

Taiwan, he said, wants to move labor-intensive industries to developing nations and hopes Japan will shift some of its less profitable high-tech sectors to Taiwan, either through investment or technological transfer.

**Consortium To Help Iran Build Oil Refinery**  
*OW0512062388 Tokyo KYODO in English 1401 GMT  
1 Dec 88*

[Text] Tokyo, Dec. 1 KYODO—A consortium of five Japanese firms will cooperate in building an oil refinery with a daily capacity of 230,000 barrels in Bandar 'Abbas, Iran, in 1992, industry sources said Thursday.

The five firms are Chiyoda Corp., a plant maker, and four trading firms, Mitsui and Co., Mitsubishi Corp., Sumitomo Corp. and Marubeni Corp.

Iran decided a year ago to award the project to Chiyoda and Snamprogetti of Italy, but the success of the project depended on funding because of Iran's acute shortage of foreign currency.

A formal agreement with Iran on the 250 billion-yen project will be signed next spring. Bandar Abbas faces the Strait of Hormuz at the entrance of the Persian Gulf.

The five will undertake the project without the coverage of the government-run export insurance, which is usually taken out on major plant exports, because of government reluctance apparently out of consideration for the United States.

The U.S. has been on bad terms with Iran since Iranian student revolutionaries occupied the U.S. Embassy in Tehran in 1979 and held 52 Americans hostage.

The Japanese consortium's decision to go ahead without insurance coverage testifies to the prevalent enthusiasm in the Japanese business community for participation in reconstruction projects following a ceasefire on August 20 in the eight-year Iran-Iraq war, the sources said.

The fund problem was solved when the four Japanese trading concerns agreed to buy Iranian crude oil up to a cost equivalent to half the Japanese share in funding the project.

Iran will use the proceeds from the oil sales to pay for the refinery.

The rest of the Japanese share will also be financed by the four firms in the form of long-term export credits, the sources said.

Iran is said to have proposed a similar funding formula to other Japanese firms on a number of petrochemical plant projects, they said.

**Continuation of Project Doubtful**

*OW0312094288 Tokyo KYODO in English 0850 GMT  
3 Dec 88*

[Text] Tokyo, Dec. 3 KYODO—A consortium of five firms in the Mitsui Group feels it is quite difficult to continue a 730-billion yen joint Japan-Iran petrochemical project in southern Iran as at least 120 shells have damaged various facilities during the eight-year Iran-Iraq war, informed sources said Saturday.

The sources said the damage is conspicuous in the electric power and steam plants among 13 plants in the complex in Bandar-e Khomeyni, especially in natural gas cracking and olefin plants with many holes from Iraqi aerial attacks.

These are contained in some 3,000 photos and data collected by fact-finding mission sent in October by the consortium to assess the war damage, they said.

Much of the work is still incomplete in the project, a joint undertaking of the Mitsui Group and the Iranian Government.

The investigating team was the first of several planned by the group led by Mitsui and Co., the large Japanese general trading house.

All other facilities have also been affected by the war, with a plant's durable period of 12 years already elapsed, the sources said, pointing to the need for a tremendous amount of money to resume the project.

A formal report on the finding will be compiled shortly. An Iranian investigation mission is scheduled to arrive here on Monday, the sources said.



They also predicted hard sledding in the talks with the Iranian mission on the assessment of reconstruction cost, adding that the consortium may send another investigating team to Iran if no accord is reached on the matter.

The issue has become a major source of friction between Japan and Iran, which has been holding talks on Tokyo's cooperation with Tehran to rehabilitate its war-affected economy.

The project started in 1971 and some 600 billion yen have been spent since construction began in 1973.

The Iran-Iraq war broke out in 1980, and the complex was frequently bombed, forcing the Japanese partners to suspend the work in 1984.

## Mongolia

**Namsray Delegation Returns From Soviet Union**  
*OW1512030888 Ulaanbaatar International Service*  
*in English 0910 GMT 14 Dec 88*

[Text] The Mongolian Great People's Hural delegation led by Vice President, Politburo member, and Secretary of the Mongolian People's Revolutionary Party Central Committee Namsray, has returned home after visiting the Soviet Union. There the delegation had discussions at the USSR Supreme Soviet, the Moscow City Executive Council, and (four) industrial enterprises in [word indistinct] Soviet Turkmenia.

Before its departure home from Moscow the delegation was received by First Vice President of the USSR Anatoliy Lukyanov and exchanged views on the present state and future of bilateral relations, the development of the social-political composition of the countries in the conditions of overall socialist renewal and on other topical issues. The two sides pledged their resolve to closely cooperate in implementing the proposals of Mongolia and the Soviet Union directed at strengthening security and trust in the Asia-Pacific region and the world overall.

**Engineering Protocol Signed With USSR**  
*OW1512015788 Ulaanbaatar International Service*  
*in English 0910 GMT 14 Dec 88*

[Text] In Moscow a protocol has been signed between Mongolia and the USSR on cooperation in the sphere of founding and developing the engineering industry in Mongolia.

The protocol provides for construction of base enterprises of machine building and cooperating in and producing spare parts of some types of consumer items of machinery.

## North Korea

### TV Report on Kim Il-song Attending SPA Session

*SK1512022288 [Editorial Report] Pyongyang Television Service in Korean at 0905 GMT on 12 December carries a 2-minute report on the Fourth Session of the Eighth SPA held at the Mansudae Assembly Hall.*

The report begins with pan shots of the Mansudae Assembly Hall; followed by a wide shot of the SPA deputies gathered in the hall. The camera then shows pan shots of President Kim Il-song making his way to his seat in the first row of the rostrum. Next, the camera shows Kim Chong-il walking to his seat. As the camera shows Kim Chong-il clapping his hands at his seat Political Bureau members O Chin-u, Pak Song-chol, Yi Chong-ok, and Yon Hyong-muk can be seen walking past behind him. Following medium close-up shots of Kim Il-song and Kim Chong-il the camera shows wide shots of the SPA deputies and the DPRK leaders voting with their SPA cards. The same shots show that most of the seats behind the hall and the rostrum are empty. The camera continues with a frontal shot of Kye Ung-tae at the podium; followed by a wide shot of the deputies voting again.

Next, the camera shows a side shot of Kim Il-song standing and addressing the deputies. Following a shot of the deputies raising their cards the camera shows Yon Hyong-muk speaking at the podium. The report ends with side and wide shots of the DPRK leaders and the deputies applauding and the announcer concluding the report.

**Kim Il-song Greets Poland's Jaruzelski**  
*SK1512034788 Pyongyang Domestic Service in Korean*  
*1200 GMT 14 Dec 88*

[Message of greetings from Kim Il-song, general secretary of the WPK Central Committee and president of the DPRK, to Wojciech Jaruzelski, first secretary of the Central Committee of the Polish United Workers Party and president of the Council of State of the Polish People's Republic]

[Text] Warsaw, Comrade Wojciech Jaruzelski, first secretary of the Central Committee of the Polish United Workers Party and president of the Council of State of the Polish People's Republic:

On the occasion of the 70th anniversary of the founding of the Polish Communist Party and 40th anniversary of the founding of the Polish United Workers Party, on behalf of the WPK Central Committee, all the party members and working people, and on my own, I send warm congratulations to you and, through you, to the Central Committee of the Polish United Workers Party and all the members of your party and to the working people.

The founding of the Polish Communist Party and the Polish United Workers Party marked a historical turning point in the Polish people's struggle for the development of the working class movement and national and class liberation in your country.

In recent years the Polish people under the guidance of the Polish United Workers Party headed by you smashed the antisocialist moves of the enemies within and without and firmly defended the sovereignty of the nation and the gains of the revolution and have made great achievements in the endeavors to accelerate the socialist construction of the country.

The Korean people sincerely rejoice over all the achievements made by your people under the leadership of the Polish United Workers Party and warmly hail them.

Expressing the belief that the relations of friendship and cooperation between the two parties and two peoples will grow stronger and develop in the future on the principles of Marxism-Leninism and proletarian internationalism, I take this opportunity of sincerely wishing you, your party, and your people new success in the efforts to implement the decisions of the 10th Congress of the Polish United Workers Party.

[Signed] Kim Il-song, general secretary of the WPK Central Committee and president of the DPRK

[Dated] 14 December 1988, Pyongyang

**Kim Il-song Greeted Pakistani President**  
SK1412105288 *Pyongyang KCNA in English*  
1031 GMT 14 Dec 88

[Text] Pyongyang December 14 (KCNA)—President Kim Il-song of the Democratic People's Republic of Korea sent a message of greetings on December 13 to Ghulam Ishaq Khan on his election as president of the Islamic Republic of Pakistan.

Expressing the belief that the friendly and cooperative relations existing between the two countries will grow stronger and develop, the message sincerely wished him great success in his work for the independent development and prosperity of the country.

**South Books Said To Reflect Reverence of Kim Il-song**  
SK1512101188 *Pyongyang KCNA in English*  
1002 GMT 15 Dec 88

["General Kim Il-song is a National Hero Produced by Present-day Korea"—KCNA headline]

[Text] Pyongyang December 15 (KCNA)—South Korean people's ardent reverence for the great leader President Kim Il-song is vividly reflected in the press of South Korea.

A series of materials of modern history in South Korea (Vol. 13, 1986) carried a certain Kim's article which highly praised him, saying "General Kim Il-song! He is a national hero produced by present-day Korea."

The article noted:

General Kim Il-song! he is not only a hero of our nation today but also a hero who will shine for ever in the national history.

He most correctly represents the will of our nation, the interests of our working people in reality and promotes the reconstruction of the nation in combination with the world-wide process.

General Kim Il-song is a great hero for the nation and the great leader for the people.

In his article "Theory to Political Awakening," a political scientist said:

General Kim Il-song is a friend of the people in the South. He was a hero before the August 15 liberation, too."

General Kim Il-song is the benefactor for the liberation of the people in the South, he added.

A certain sin who was "diplomatic committee chairman of the interim legislative council" of the U.S. military government said in his article carried in the book "Domination and Resistance" (1985): Democratic figures who had been active in South Korea at that time went to see General Kim Il-song, the brilliant commander of the anti-Japanese armed struggle and the sun of the nation, with boundless respects and reverence for the general.

**Daily on No Tae-u Remarks at Defense Academy**  
SK1512102588 *Pyongyang KCNA in English*  
1012 GMT 15 Dec 88

["Traitor's "Security" Gibberish Disclosing His Suppressive Scheme"—KCNA headline]

[Text] Pyongyang December 15 (KCNA)—The traitor No Tae-u, addressing a "graduation ceremony at the Defence Academy" December 13, cried that there must be no "government" or political group "seeking to use security for political purpose" and, as a force scheming to "overthrow the liberal democratic system" is engaged in "subversive activities" these days, both the ministerial and opposition parties should counter them by a joint action "from the stand of defending national security".

These utterances of the traitor No were a shameless jargon to justify his criminal intention to put down the sharply mounting spirit of the people for democracy and save the dictatorial "regime" from a crisis, says a commentary of *nodong sinmun* today.

The news analyst says:

No Tae-u clamoured about "national security" in his "security" trumpeting, but he meant, in fact, the "security" of the dictatorial "regime".

He is wielding the bayonet at the patriotic and democratic forces, insulting them as "force seeking the overthrow of the system" and their righteous action as "subversive act", but this is not because "national security" is under threat, but because his "regime" is at stake.

The traitor No Tae-u, in insultingly branding the demand of the people for arms reduction as an "illusional argument" that day, disclosed his unwillingness to pursue peace and peaceful reunification.

The No Tae-u group must stop at once suppressing the people on the plea of "security".

**Majority of South Students Reject Security Law**  
*SK1412151488 Pyongyang KCNA in English*  
1505 GMT 14 Dec 88

[Text] Pyongyang December 8 (KCNA)—According to a recent opinion poll conducted by the Political Development Institute of South Korea among the students of the assistant doctors and doctors courses of 15 universities in Seoul, 90 per cent of them expressed their objection to the anti-communist idea and openly called for the abolition of the "National Security Law".

**DFRF 'Exposes' 12 December Incident in South**  
*SK1512043288 Pyongyang KCNA in English*  
0417 GMT 15 Dec 88

[Text] Pyongyang December 15 (KCNA)—The Secretariat of the Central Committee of the Democratic Front for the Reunification of the Fatherland made public Tuesday a white paper roundly exposing the December 12 "Army purge coup" in 1979 through which the present South Korean authorities blocked the road of democratic development in South Korea and revived the military fascist ruling system in conspiracy with the traitor Chon Tu-hwan.

According to the white paper, the December 12 "Army purge coup" was a military revolt which was staged as a prelude to the change of lackeys in South Korea according to a scenario of the U.S. imperialists.

Former commander of the U.S. forces in South Korea Wickham at a press interview after returning home confessed that one of his achievements during his term of office was the "removal of the moderates from the military" and "appointment of Chon Tu-hwan as 'president'".

When Pak Chong-hui was shot dead, members of the "one-body society," a secret organisation in the military with officers of the military academy origin as its core elements, hatched a plot to remove from the military the force sympathetic with the anti-"yusin" camp.

An agreement was reached between No Tae-u and Chon Tu-hwan upon arresting "Army chief of staff" Chong Sung-hwa before the "coup d'etat" and they decided through repeated secret confabs to start an operation code-named "Birthday Feast" on December 12.

According to the "Birthday Feast" operational plan, the puppet Army Ninth Division of No Tae-u commanding the main force was to occupy the "capitol building" together with the "first armoured brigade" tanks of the "defence division" and support the "First Airborne Brigade" which was to seize the "Army headquarters" and "Defence Ministry" and arrest and carry away to the "security command" the "defence minister," the "chairman of the joint chiefs of staff" and other veteran generals.

Chong Sung-hwa, puppet Army chief of staff and martial law commander, was arrested by soldiers under his own command without "presidential" warrant and taken to a torture room of the "joint investigation headquarters" on December 12, 1979.

At that time, the traitor Chon Tu-hwan left for the "prime minister's residence" to meet Choe Kyu-ha and "justify" their plot to seize power and the traitor No Tae-u, commanding the general action at the Kyongbok Palace, saw to it that the "Prime Minister's Office" was seized.

Upon receiving an urgent message that the "Army chief of staff" was kidnapped, the military top brains judged it to be a political officers' revolt and decided to arrest them by force and put down the revolt.

Wickham, who allowed the mobilization of three divisional force and armoured force under his command, was watching the developments together with U.S. Ambassador to South Korea Gleysteen. When the "Army headquarters" threw massive forces into putting down the rebellion, they instantly called them and ordered them to stop firing and withdraw the troops. The "Army headquarters" gave an order to its units to withdraw and weakened the repression of the revolt, proposing dialogue to the rebels.

The traitor No Tae-u, commanding the rebel force, took this opportunity to reinforce his units and completely seized the "Army headquarters," "Defence Ministry," "capitol building" and other major objects in Seoul at the dawn of December 13.



Thus the December 12 "Army purge coup" code-named "Birthday Feast" was staged by the "yusin" remnants according to their premeditated plot with the backing of the United States.

The December 12 "army purge coup" produced a military fascist dictatorial system more ferocious than the "yusin system" in South Korea.

After seizing military power, the Chon Tu-hwan and No Tae-u military fascist elements committed the kwangju bloodbath incredible in history and left the whole of South Korea to the U.S. imperialists as their nuclear war base and have plotted a permanent division of the nation.

The Chon Tu-hwan-No Tae-u group which staged the December 12 "Army purge coup" and has committed awful crimes against the nation in the past eight years must be brought to a stern judgment by the nation as unanimously demanded by the South Korean people, stresses the white paper.

#### **South Dissident Deplores Killing at Kwangju**

*SK1512103088 Pyongyang KCNA in English  
1019 GMT 15 Dec 88*

[Text] Pyongyang December 15 (KCNA)—The South Korean paper HANGYORE SINMUN carried an account of an interview with Kim Chong-pae who was chairman of the struggle committee of citizens and students at the time of the Kwangju resistance in May 1980.

Kim Chong-pae deplored "the society where those who were awarded orders for their 'merits' in killing Kwangju citizens are now strutting about on their high horses".

In those days, he said, a large number of people were killed or wounded by volleys fired by the martial law army.

Charging that the puppet clique drastically understated the death toll at that time, he said the bodies of those killed in hills in the outer encirclement operation of kwangju were buried in secrecy.

Stating that the men of the citizens army which resisted to the last at the "South Cholla Provincial Office Building" numbered some 400, he said: The announcement of the fascist clique that only 17 men died at the "provincial office building" is false.

#### **Public Figures Demand Truth About Kwangju Incident**

*SK1512101988 Pyongyang KCNA in English  
1007 GMT 15 Dec 88*

[Text] Pyongyang December 15 (KCNA)—There were testimonies by public figures at the "all-citizen public hearing for probe into the truth behind the May 18

incident and the punishment of murderers" recently held in Kwangju, according to a report of the South Korean paper KWANGJU ILBO.

Chon Kye-yang, chairman of the bereft families society of the May 18 Kwangju popular uprising, testified:

when putting down the uprising of Kwangju citizens, the "government" mobilized forces of the Third Airborne Brigade and the 20th Division together with military helicopters, "M-60" machine guns and flame throwers.

The riot troops were "educated" in hatred for Kwangju students and citizens to kill many of them, even middle school children who were swimming in a reservoir.

The "government" is still intimidating the bereaved families and the wounded and setting them at variance to create mistrust and cover up the incident.

He demanded that a "special law" be enacted and a "special court" be set up after the truth behind the Kwangju incident is brought to light and the chief culprit of the massacre and his group be punished.

Choe Wan-uk, chairman of the Chonnam district council of student representatives, said the brutal massacre of kwangju citizens was a result of the military's lust for power, which was committed with the connivance and patronage of the United States. The United States endorsed beforehand and supported the military coup and ordered brutal murder of the Kwangju citizens who rose against it, he stressed.

He demanded that Wickham and Gleysteen be called to make an open apology on behalf of the United States.

Prof. Song Ki-suk of Chonnam University emphasized that the background of the mobilization of the paratroopers in the May 18 action and its top mastermind must be exposed.

#### **South Council Rejects Testimony at Press Hearing**

*SK1512100888 Pyongyang KCNA in English  
1000 GMT 15 Dec 88*

[Text] Pyongyang December 15 (KCNA)—The South Korean council of the movement for the democratic press made public Tuesday a statement condemning the "testimony" of the former puppet minister of culture and information, according to a report.

The statement said that his "testimony" at a "hearing on the press" is "a clear perjury for evading his responsibility for the press guidance case and other instances of press gag in the Fifth Republic. [quotation marks as received] It demanded that the truth be clarified at the "National Assembly" level and then he be arrested and punished immediately.



The statement stressed that he who played the "leading role in the plots surrounding the press" in the "Fifth Republic" should be punished and all those involved in them be removed from the press.

The statement expressed support to the struggle of the "Broadcasting Corporation", Radio Munhwa and KYONGHYANG SINMUN trade unions for the democratization of the press.

**Monthly Publishes Kim Chong-il Talk on Struggle**  
SK1412072188 Pyongyang KOREA TODAY in English  
No 11 Nov 88 pp 1-5

[Talk by Kim Chong-il to senior officials of WPK Central Committee on 15 May 1988: "Let Us All Live and Struggle Like Heroes"]

[Text] This year is an eventful year which marks the 40th anniversary of the foundation of the Republic and the 35th anniversary of victory in the Fatherland Liberation War.

In recognition of these anniversaries, we are going to hold a national meeting of heroes on a grand scale.

The aim of this national meeting of heroes is to advance the revolutionary cause of Chuche victoriously by carrying forward the heroic fighting traditions of our people, with the revolutionary banner held higher, and by effecting a continuous upsurge in the revolution and construction.

Immediately after the end of the Fatherland Liberation War, the great leader convened a national meeting of war heroes and encouraged our People's Army and our people to continue to perform heroic exploits in the struggle for national defence and postwar reconstruction with the spirit and stamina they had displayed in defeating the U.S. imperialists. The first heroes' meeting held 35 years ago made a great contribution to inspiring our people to overcome triumphantly the difficulties and trials standing in their way by displaying mass heroism.

The forthcoming national meeting of heroes will be a historic occasion for rousing all the people to a new heroic struggle to achieve the complete victory of socialism and hasten the reunification of the country.

Today our revolution is entering an important phase.

Under the leadership of the Party, our people have fought a hard struggle and done a great deal of work in building socialism. If, through an uninterrupted, efficient struggle, we carry out the Third Seven-Year Plan successfully, we shall be able to display the superiority of our socialist system to the full and make a decisive turn in the struggle for the complete victory of socialism.

The south Korean people are now fighting strongly against the United States and for independence, against fascism and for democracy, as well as for national reunification. Young people, students and broad sections of the people in South Korea have realized the truth of the chuche idea, and the trend among them to reunify the country in cooperation with the people in the northern half of the republic is mounting as never before. This means that the situation is maturing in favour of national reunification. If, in this situation, we accelerate socialist construction and give it greater momentum, it will be a great inspiration to the fighting south Korean people and will further hasten the reunification of the country.

Today socialism and imperialism are standing in acute confrontation in Korea in all fields of politics, the economy, military and culture.

With the wild dream of obliterating the cause of socialism and communism, the imperialists are making frantic moves against the socialist countries and the international communist movement. They are threatening the socialist countries militarily by their continued pursuance of power politics and are employing all sorts of cunning schemes to damage the socialist countries politically and economically, ideologically and culturally.

The U.S. imperialists in particular are concentrating their attack on our country in league with the Japanese reactionaries and other imperialist forces of the world. The U.S. imperialists have made south Korea their colony and nuclear war base and are trying to obstruct our people's cause of national reunification and socialist construction, defame our country and isolate it in the international arena. They are doing so because our Party and our people are firmly opposed to imperialism and are confidently following the road of socialism, with the revolutionary banner of the chuche idea always unfurled. They fear the fact that our Republic is strengthening daily to become an indestructible bulwark that thwarts their aggressive Asia-Pacific strategy. They are also afraid of our revolutionary influence on the south Korean people and on the progressive people throughout the world.

How to counter the frantic imperialist offensive against socialism is a matter of principle that affects the destiny of our revolution and socialism.

Our Party and our people have assumed a heavy responsibility to our times and to history. We must keep the banner of revolution, the banner of socialism, flying, by foiling the enemy's frenzied attacks and effecting a steady advance in socialist construction. We must never weaken, but continue to maintain the high enthusiasm being displayed in the current 200-day campaign. We must follow this campaign with a 2,000-day campaign and then a 20,000-day campaign. This is the way to carry

the revolutionary cause of *chuche* through to the end and to discharge the heavy responsibility we have assumed before the world revolution.

This is precisely our party's intention in convening the national meeting of heroes, that is to rouse all the party members and other working people to a heroic struggle.

Our people have the proud traditions of fighting heroically for the fatherland and for the revolutionary cause of *chuche*.

The great leader Comrade Kim Il-song began our people's heroic struggle and led this struggle to victory at each stage of the development of the revolution, and under his loving care great numbers of heroes have grown up through the generations.

The anti-Japanese revolutionary struggle was the most glorious one in which our people, under the banner of the *chuche* idea, defeated a formidable imperialism for the first time in their history. It was the most heroic struggle which was waged unyieldingly for a long period, despite the unprecedented arduous and harsh trials.

The anti-Japanese revolutionary fighters are the first proud generation of heroes produced by our people. With the respected Comrade Kim Il-song as the core of unity and the centre of leadership, they displayed an incomparable heroic and self-sacrificing spirit in their fight against the Japanese imperialists, overcoming all manner of difficulty and hardship. They held the unshakable conviction that living or dying on the path of the revolution directed by the people's leader, whom our nation had acclaimed for the first time in their history of several thousand years, was the source of honour. They never failed to fulfil their revolutionary obligations to the leader as his soldiers in any adversity, and were unfailingly loyal to the revolutionary cause. The exploits performed by the anti-Japanese revolutionary fighters in defending the leader of our revolution with their lives in the most trying conditions and in contributing to the establishment of the glorious revolutionary traditions of our party and to the accomplishment of the cause of national liberation, hold a glorious place in the history of our revolution.

In view of both their distinguished service and their fighting spirit, they are the model of revolutionaries and the paragons of heroism whom our people must follow from generation to generation.

Our party respects and values them as the veterans of our revolution, and shows deep concern for the anti-Japanese revolutionary martyrs so that they hold a permanent place in the history of our nation.

The three-year-long Fatherland Liberation War was our people's grimmest struggle after liberation.

It was a great revolutionary war of worldwide significance, a war in which our people defended their motherland and inflicted the first-ever defeat on U.S. imperialism, the ringleader of world imperialism, by waging a national, heroic struggle. It was, indeed, a miracle that our newly-liberated people could defeat the powerful U.S. imperialists in this war. At the time the enemy forces were incomparably superior to ours both numerically and technologically. The U.S. imperialists mobilized for the Korean war their vast army, navy and air force armed with modern weapons and the latest equipment as well as the armies of their 15 satellites, and conducted the most cruel and brutal warfare. The young People's Army and our people were able to defeat these enemies because they fought heroically, displaying the indomitable fighting spirit of their anti-Japanese revolutionary forerunners and trusted and united closely behind the great leader, the legendary hero of the anti-Japanese war and the ever-victorious, iron-willed, brilliant commander.

Our people, who had experienced a decent life and real happiness as masters of factories and land for the first time in their own liberated country, fought the aggressors self-sacrificingly, remembering that the motherland was more precious than their own lives and that it was their obligation to prove themselves, even at the cost of their lives, worthy of the benevolence shown by the leader, the leader who had won back the country for them.

In response to the orders of the Comrade Supreme Commander, the soldiers of the People's Army defended every inch of the country with their blood. They fell upon the enemy tanks and warships and destroyed them and silenced enemy pillboxes with their breasts, as if their bodies were bombs, in fierce, decisive encounters, and so ensured victory in battle. Truly, the soldiers of the People's Army fought bravely, sacrificing their youth and their lives without hesitation for the sake of the country and the people. During the war the people on the home front also fought well. Even the women, old people and children came out in support of the battle front and produced war supplies, defended their factories and their villages and towns, and so made a great contribution to victory in the war.

For their matchless mass heroism displayed during the Fatherland Liberation War, our people were called a heroic people by the world.

The large numbers of heroes produced during this war are a source of pride for our people and a valuable asset of our revolution. The anti-Japanese fighters made an immortal contribution to winning back the lost country; the heroes of the Fatherland Liberation War made a great contribution to defending the motherland from U.S. imperialist aggression and to demonstrating the heroic mettle of our liberated people to the whole world. The war heroes, heroes of a new generation produced by

the Republic, are a splendid model in educating our younger generation and the people in loyalty to the party and the leader and in the spirit of patriotism.

Our people not only fought heroically in the wars against the Japanese and U.S. imperialists, but also performed heroic exploits in their endeavours to create a new life.

No war in history has ever devastated every town and village and reduced them all to ashes as the war did in our country. Nor is there any historical precedent for having constructed new towns and villages from the rubble and having built socialism so wonderfully in so short a time as in our country. The U.S. imperialists have a shameful record in the history of criminal destruction, whereas our people have an honourable record in the history of fruitful construction. The fact that our people have achieved such a miraculous success in spite of the ceaseless aggressive manoeuvres and obstructive actions of the U.S. imperialists and their minions is an eloquent demonstration of the amazing heroism they have displayed in postwar reconstruction and in building socialism.

The Chollima Movement and the great upsurge in socialist construction are a clear expression of our people's mass heroism. The heroes who were produced on the great Chollima march formed the front rank in the work of reeducating the people as well as being the standard-bearers of the collective innovation movement, heroes who acquired the truth of the chuche idea that man decides everything. They educated and transformed people along communist lines so that everyone participated in making collective innovations in production and construction, helping and leading each other forward, under the slogan, "One for all and all for one!" The heroes in the days of the great Chollima upsurge made a historic contribution to turning the work of re-educating people into the concern of the masses themselves and to ushering in the heyday of socialist construction, by carrying through the revolutionary mass line of our Party.

The unassuming heroes who are being produced in large numbers from among our people today are model communists of the chuche type. They believe firmly in the chuche idea and our party's policies, the application of this idea, and have been discharging their responsibilities and playing their roles as masters of the revolution and construction whether they are recognized or not. Our unassuming heroes are people who have acquired the attitude of master towards the revolution and construction and made it their lifeblood.

The unassuming heroes are the heroes of a new type who represent our times, when the modelling of the whole of society on the chuche idea is developing in depth. We are trying to transform the whole of society after the chuche idea in order to train all the members of society to be communist people of the chuche type who live and work

in accordance with the chuche idea, just as the unassuming heroes do. The daily-growing numbers of unassuming heroes prove the validity of our party's consistent policy for transforming people along communist lines as well as the superiority of our socialist system.

In our country there are also a large number of well-known heroes and unsung heroes who have devoted everything in their possession to the sacred causes of defending our revolutionary achievements and our people's security and of reunifying our country and making it prosperous. Our party and our people will never forget their heroic services.

The ranks of our heroes, that were first formed during the anti-Japanese revolutionary struggle, have continued to grow, and our people's heroism, that has been carried forward and developed through the generations, has now become universal among the masses and a part of their everyday life. This means that our people's heroism has entered a new, higher stage in which every member of society is becoming a hero.

Our party wants everyone to become a hero, and in our society everyone can become a hero.

Living and fighting like heroes means struggling with total devotion for the revolutionary cause of the popular masses, not for one's own interests and fame.

In the old society of exploiters only exceptional people with outstanding qualities were considered heroes. However, the heroes we refer to are those people who enjoy the love and respect of the people for the great services they have rendered for the good of the fatherland and the people, the society and the collective. In our society, where the people have become the masters of the country, not only those with outstanding qualities, but also the ordinary people can all become heroes. A man who is completely devoted to the common cause of the popular masses can become a war hero by silencing an enemy gun muzzle with his chest in a battle to defend the country; in socialist construction he can become either a labour hero by making innovations, or an unassuming hero by making a valuable contribution to the building of socialism while quietly carrying out his duties as befits a master.

To live like a hero and to become a hero is the most valuable and worthwhile way of life and the highest honour for an independent man.

Man does not live in isolation, but as a member of society and of the collective. Therefore, the worth of his life is appraised by how much he contributes to the society and the collective. The greater contribution someone's life has made to the country, the nation and the revolutionary cause of the people, the more valuable that life is. Only a man who leads such a worthwhile life can feel the real value of life.



If a man was to live only for his own sake, in isolation from the society and the collective, his life would be utterly worthless. The life of such a man would be as meaningless as if he had not been born because he would neither contribute anything to the society and the collective, nor leave anything for them.

Living a worthwhile life for the society and the collective and spending one's whole life meaninglessly for one's own self-interest represent two fundamentally different attitudes towards life.

A life which is spent only for the individual's sake ends with the death of the individual. His life has no future. There is an end to the life of an individual, but the society and the collective exist and develop forever. A life which contributes to the good of the society and the collective not only benefits the person himself and his generation but also creates a lasting future for the society and the collective. Such a life, indeed, conforms to man's inherent desire for independence; it is a worthy life which enables a man to perform his duty as a member of the society and the collective.

If a man only seeks his own comfort, irrespective of what becomes of the society and the collective, his life will essentially be no different to that of an animal. No noble self-sacrifice or heroic deed can be expected from a man who is selfish. Heroic deeds can only be performed by a man who believes the greatest value and worth in life to be to contribute to the society and the collective, which are eternal and incomparably more precious than his own individual self.

Living and fighting heroically is the way for a man to exalt his most precious socio-political integrity and make himself immortal.

Both man's physical life and his socio-political integrity are precious. A sound physical life helps in one's socio-political activities. But, socio-political integrity is more valuable for a man, a social being. It is only when people form a social organism and acquire socio-political integrity that they can shape their destiny independently and live like men, as the masters of the world and of their own destiny. A man's physical life is mortal, but his socio-political integrity as part of the social organism is immortal.

Socio-political integrity is honoured in the struggle to meet the desires of the society and the collective. These desires are represented by the Party and the leader. Therefore, a man can add lasting glory to his socio-political integrity if he is loyal to the party and the leader and fights heroically to implement the Party's line and policies.

A long life is not necessarily the measure of the value of one's life. A man ought to live like a hero even if he only lives a short while. Our party wants everyone to live and fight like a hero because it wants everyone to enjoy a most valuable and worthy life.

In former days, people did not know what was meant by a heroic life, and there was no one who could guide them to lead a heroic life. So there were many instances of people, in spite of loving their country and nation ardently, failing to find the right course for their struggle, shedding their blood in vain and spending their whole lives fruitlessly. Nowadays, our Party is leading our people in a heroic struggle. Anyone who follows the leadership of the Party and the leader loyally and works with devotion in carrying out his revolutionary tasks can enjoy a worthwhile life and become a hero.

Today our people are living in the most glorious era of struggle in the long history of our nation.

To win the complete victory of socialism and reunify the country are our sacred duties to history and to our nation; these are urgent tasks that must be carried out by our generation.

The most difficult yet important task in accomplishing the revolutionary cause of chuche, that has been initiated and directed by the leader, is to achieve the complete victory of socialism. We must attain the goal of the complete victory of socialism and thus open up a broad path to the ideal society of communism.

At a time when the colonial system has collapsed throughout the world and when all the liberated people are following the road of independence, it is intolerable that colonial rule has been imposed on half of our country by the U.S. imperialists for more than 40 years in the wake of Japanese imperialist colonial rule. We must, without fail, reunify the country in our generation and put an end to the history of national suffering.

Anyone who has the blood of a heroic Korean must always remember the mission entrusted in him by history and his nation, and must take part in this sacred struggle and render heroic services. If he becomes a laggard in this momentous struggle led by the great Party and the great leader, it will be a disgrace to him throughout his life and the stain will be passed down to posterity.

We must carry forward our people's glorious fighting traditions and rouse all the people forcefully to a heroic struggle to accomplish the revolutionary cause of chuche.

We must enhance the leadership role of our party in order to press on with the heroic struggle of all the people.

All the heroic struggles of our people in the past have been conducted under the direct guidance of the great leader. He has led our people's heroic struggle personally



not only during the anti-Japanese revolutionary struggle and the Fatherland Liberation War but also in the period of socialist construction. He lit the torch of the Chollima Movement and trained the working people to be Chollima riders and heroes. He has discovered unassuming heroes and led a mass movement to emulate them.

We must learn from the great examples shown by the leader, and guide the all-people, heroic struggle of today properly.

Party organizations must conduct energetic political and organizational activities to rouse all the party members and working people to the heroic struggle.

"Let us all live and struggle like heroes!"—this is our party's requirement and the slogan that we must shout now. We must encourage all the party members and working people to advance under this militant slogan so that the whole of society is imbued with heroic mettle with which all of them make continual innovations and a continuous advance by displaying boundless devotion and an indomitable fighting spirit and wiping out all indolent easygoing attitudes, conservatism and lethargy, and fight courageously, full of confidence and optimism, sweeping away cowardice and defeatism.

Ours is the age of science and technology. The mass heroism of our people must be combined with modern science and technology. We must press ahead with the technical and cultural revolutions, along with the ideological revolution, and quickly raise the working people's scientific, technical and cultural levels so that they make greater achievements in socialist construction.

The Three-Revolution Red Flag Movement and the campaign to follow the examples of the unassuming heroes, which are developing under our Party's leadership, are powerful mass movements to transform people along communist lines and bring about collective innovations in socialist construction. But these movements are not displaying their advantages and vitality as mass movements to the full because Party organizations do not employ a correct methodology to give efficient guidance to them. The lifeblood of a mass movement lies in its being the movement of the masses themselves. Party organizations must radically improve their guidance of the Three-Revolution Red Flag Movement and the campaign to emulate the unassuming heroes. In this way they will ensure that these movements become a powerful motive force capable of rousing all the working people to conduct heroic activities in keeping with the Party's intention to induce them to perform great services for the country and the people and enjoy a valuable and worthwhile life; they will also ensure that these campaigns fully become movements of the masses themselves.

Party organizations should work well with heroes.

This is very important in imbuing our society with the revolutionary spirit to live and struggle in a heroic way and in expanding the ranks of heroes ceaselessly.

Party organizations must treasure and lead well our heroes who, in support of the party, have performed exploits for the country and the people, so that they continue to flourish. They must respect the heroes and place them at the fore, and create the social climate for emulating them.

Good preparations should be made for the heroes' meeting.

The meeting will be attended by anti-Japanese revolutionary veterans heroes of the Fatherland Liberation War, people who have become heroes during postwar reconstruction and socialist construction and unassuming heroes, as well as people who have performed distinguished services and made innovations for the country and the people.

We must make sure that the heroes' meeting is held on a large scale, in a grand manner and at a high political and ideological level.

It is the unshakable will of our Party to accomplish the revolutionary cause of *chuche* down through the generations under the revolutionary banner of the *chuche* idea. We must ensure that the forthcoming heroes' meeting demonstrates to the world both our party's will to carry through the *chuche*-oriented revolutionary line with absolute consistency and the unconquerable might of our people who are fighting heroically, united solidly behind our party.

**Article on Rejects Material Stimulus Role**  
*SK1412102788 Pyongyang KCNA in English*  
1006 GMT 14 Dec 88

[Text] Pyongyang December 14 (KCNA)—NODONG SINMUN Tuesday came out with an article by Dr. Pak Yong-kun headlined "Correct Combination of Political and Moral Stimulus With Material Incentive in the Guidance and Management of Socialist Economy", a summary of which reads:

The great leader Comrade Kim Il-song, in his classical work "Let Us Accomplish the Cause of Socialism and Communism Under the Revolutionary Banner of *Chuche*", defined a proper combination of the political and moral stimulus with the material incentive as one of the fundamental principles which must be maintained without fail in the guidance and management of the socialist economy and indicated the most correct way for its application.

Whether one correctly solves the question of economic management to suit the essential demand of the socialist society, or not, and defends the principle and revolutionary stand of the working class in economic management,

or not, depends on which he gives precedence to and on which he puts the main stress in combining the political and moral stimulus with the material incentive.

The great leader Comrade Kim Il-song has taught:

"Since political integrity is more valuable for a social man than his physical life, in the management of the socialist economy it is reasonable to put the main stress on the political and moral incentive and combine it with the material incentive correctly." The principle of properly combining the material incentive with the political and moral stimulus, putting the main stress on the latter, is a powerful weapon which makes it possible to give full play to the advantage of socialist system and step up the socialist economic construction at a fast rate by rousing the revolutionary zeal of working people.

In socialist society the material incentive cannot be a fundamental factor of getting people on the move and calling forth their enthusiasm with money like in capitalist society.

The material incentive whereby material reward is offered according to the quantity and quality of the work done by working people under condition that a main stress is put on the political and moral stimulus serves the purpose of doing away with the wrong practice of living at the expense of others, without working, and fostering a voluntary attitude toward labour in the course of one's active participation in collective labour.

To expand the use of the medium of material stimulus lever in economic organisation, putting the main stress on it, is contradictory to the essential nature of the socialist system. In that case, one is bound to resort to individualist and capitalist methods in economic management and encourage individualism among the working people.

Historical experience clearly shows that to put the main stress on the political and moral stimulus and steadily enhance the level of political awareness and ideological consciousness of the working people and combine it with the material incentive is the most correct road which makes it possible to defend the principle of socialism in the fundamental interest of the working class and dynamically accelerate the construction of socialism and communism.

The article stresses that the Taean work system whose validity and vitality have clearly been proved in practice should be adhered to and the principle of correctly combining the political and moral stimulus with the material incentive strictly abided.

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**"Splendid' Catalyzer Production Base Completed**  
*SK1512102788 Pyongyang KCNA in English*  
1017 GMT 15 Dec 88

[Text] Pyongyang December 15 (KCNA)—The catalyzer production base in the methanol unit of the Sunchon vinalon complex has been completed and started producing synthetic catalyzer.

This guarantees the mass production of methanol which will be used in the production of protein feed and various other chemicals in the near future.

The builders have erected the splendid catalyzer production base in a short time by carrying out the construction of the building and equipment assembling at the same time.

The workers are waging a vigorous drive to produce new catalyzer while keeping the production on a high level.

**Poster Demands Withdrawal of Hungarian Mission**  
*SK1512085788 (Clandestine) Voice of National*  
*Salvation in English to South Korea*  
0030 GMT 11 Dec 88

[Unattributed commentary]

[Text] This hour we will discuss a large wall poster that appeared Wednesday on the Kwanak campus of Seoul National University demanding the withdrawal of the Hungarian diplomatic mission from South Korea.

The wall poster, signed by a student who aspires for the independent reunification of the fatherland, branded the Hungarian Government as the first socialist government that has supported the policy of Washington and the No Tae-u regime designed to perpetuate the division of the Korean peninsula and demanded the immediate withdrawal of the Hungarian mission, which obstructs reunification.

This is indeed a just demand reflecting the unanimous will of our people and the entire nation. As is known, the No Tae-u military regime is a filthy colonial puppet regime of the United States that is totally isolated in the international community and is a most treacherous nation-selling regime that runs amok to permanently divide the nation and the people according to the U.S. script for the two Koreas plot.

Thus, no one could imagine that socialist Hungary would recognize the No Tae-u military regime, a colonial military dictatorial regime, as the legitimate government and would exchange an ambassadorial-level permanent

mission with the puppet regime. Even a child knows that it is a crime to support and help the No Tae-u military rule and serves the policy for permanent division of the Korean peninsula.

This is precisely why our masses condemned Hungary for reaching an agreement on 15 September with the No Tae-u military regime on establishment of an ambassadorial-level permanent mission as an intolerable treachery and unpardonable hostile act against our masses, who are fighting for the independent reunification of the fatherland against U.S. colonial domination and military rule.

Our masses did not want to see the slogan "Hungary go home!" shouted in this land together with the slogan "Yankee go home!" or see the disgraceful situation in which the Hungarian flag burns together with the Stars and Stripes. Thus, our masses strongly urged Hungary not to establish a mission in Seoul.

However, Hungary, rejecting our masses' magnanimous warning and demand in the end, on 5 November officially established its permanent mission and began its work at the Hilton Hotel in Seoul. Thus, Hungary openly set upon the road of treachery against our masses by grasping the blood-stained hand of the dictator.

This is an intolerable hostile act, the same as that of supporting the colonial fascist rule of the U.S. aggressors and the No Tae-u group, that of encouraging their two Koreas plot and of stabbing with a dagger our masses, who are fighting for independence, democracy, and reunification by shedding blood.

This being the case, how can our masses, who are fighting for independence, democracy, and reunification against U.S. colonial rule and the military fascist rule of the No Tae-u group, idly look on such an act by Hungary?

In a word, it is quite natural that our masses call for the immediate withdrawal of the Hungarian mission. Our masses absolutely will not tolerate the terrible act of Hungary, which has set upon the road of openly opposing our masses' cause of struggle for independence, democracy, and reunification by grasping the hand of the target of our anti-U.S., antifascist national salvation struggle.

Today only the wall poster put on the campus calls for the withdrawal of Hungary. However, such a call will spread and resound throughout the nation as an irresistible grand chorus of the nation.

Hungary should look straight at the situation and immediately withdraw its permanent mission established in Seoul. Hungary should immediately sever relations with the No Tae-u military regime.



## South Korea

### **U.S. Paper on North Korean Chemical Arms** *SK1512014988 Seoul THE KOREA HERALD* *in English 15 Dec 88 p 2*

[Text] Washington (Yonhap)—North Korea is one of the 22 countries that have chemical weapons or [are] in the process of acquiring such weapons, the Christian Science Monitor reported Tuesday.

In a special article on biochemical weapons, the newspaper said four countries, including the United States, the Soviet Union, Iran and Iraq, were confirmed to have chemical weapons, while 18 other countries were known to be in the process of getting them.

Among the 18 are North Korea, China, Taiwan, Vietnam, Laos, Burma and Indonesia. The rest are France, Israel, Syria, Yugoslavia, Bulgaria, Czechoslovakia, Hungary, Romania, Libya, Ethiopia and the South African Republic.

### **U.S. Soldiers Said To Assault Taxi Driver** *SK1512005388 Seoul THE KOREA TIMES in English* *15 Dec 88 p 3*

[Text] Two American GIs assaulted a taxi driver landing a blow to his face and leaving his teeth broken Tuesday in Paju before running away with 70,000 won from the driver's cash box, according to the police.

### **Minister Urges North-South Confidence-Building** *SK1512024188 Seoul THE KOREA TIMES in English* *15 Dec 88 p 3*

[Text] Defense Minister Yi Sang-hun directed that the Armed Forces make all-out efforts to build up mutual confidence and cultivate a reconciliatory atmosphere between the south and north by stressing the homogeneity of the Korean people in waging psychological warfare against North Korea along the DMZ.

The directive came at a meeting of key military commanders which was held at the Defense Ministry's main conference room yesterday.

Revealing the ministry's major policy directions for 1989, Minister Yi said that the ministry would further strengthen the ROK-U.S. early warning system by developing the capabilities of the Korean forces to compile and analyze military intelligence independently.

The defense ministry would work ~~harder~~ to cement the current security relations between Korea and the U.S., he observed, adding that a powerful security system would help peace settle down on the peninsula.

Minister Yi also called on the commanders to build up and maintain a water-tight defense posture, reminding that despite the present "thaw" in West-East relations, Pyongyang has yet to show signs of giving up its scheme to communize the south by force.

He ordered that the commanders train and educate the members of the Armed Forces—the Army, Navy, Air Force and Marines—to become and behave as servicemen for the people in a "born-again" spirit.

The key commanders were called on to renovate military discipline to minimize accidents.

The minister disclosed that the ministry planned to modernize barracks and facilities and to improve quality of meals for servicemen on a step-by-step basis.

He added that the ministry would promote administrative work in the direction of protecting and enhancing the interests of the people.

### **North-South Visits for Business Allowed** *SK1512 772288 Seoul YONHAP in English* *0713 GMT 15 Nov 88*

[Text] Seoul, Dec. 15 (YONHAP)—South Koreans can lawfully visit North Korea and North Koreans can come to the South for business purposes if they give the trade and industry ministry three-weeks advance notice.

The decision made by the trade and industry ministry came one day after a Japanese newspaper reported that Kim U-chung, chairman of the Daewoo Business Group, secretly traveled to Pyongyang late last month for a business-related visit.

Daewoo, however, denied the SANKEI SHIMBUN's report which quoted South Korean financial sources.

The ministry said that those seeking to visit North Korea or to invite North Koreans to the South for business purposes need to give it three-weeks advance notice if the ministry is to give the go-ahead.

The ministry will decide whether to permit the proposed visits or invitations by considering a number of factors.

The decision was made in accordance with the spirit of the July 7 declaration by President No Tae-u and the Oct. 7 statement by the deputy prime minister, both of which encourage economic and personnel exchanges between South and North Korea, according to a ministry official.



**'Rising Interest' in Communist Nations Exchange**  
*SK1512092188 Seoul YONHAP in English*  
0857 GMT 15 Dec 88

[Text] Seoul, Dec. 15 (OANA-YONHAP)—Amid rising interest between South Korea and communist nations in economic, scientific and cultural exchanges, colleges and research institutions on both sides are indicating interest in forming sisterhood ties for joint science-related studies and exchanges of faculty and students.

Six private Korean universities and research institutions said Thursday that they have already completed initial steps for setting up sisterhood ties with their counterparts and are now planning to invite scholars and students from communist nations beginning the coming spring semester.

Yonsei University recently dispatched four faculty members to a scientific research conference held from Dec. 9-19 at Beijing University and in January the president of Yonsei University is to visit the Chinese capital to sign an accord for sister university ties.

Korea University's Asiatic Research Center is to co-sponsor scientific research next June with a Soviet sociological institute in Kiyev.

Kwangun University is to set up a sisterhood relationship with China's College of Liaoning and to invite six faculty members next March. During their stay, the Chinese scholars are likely to study Korea's economic development and conduct joint scientific research.

The College of Oriental Medicine at Kyonghui University formed similar ties with Heilongjiang College of Traditional Chinese Medicine in September during the 5th International Congress of Oriental Medicine here.

**Prosecution Continues To Question Kim Hyon-hui**  
*SK1512014788 Seoul THE KOREA HERALD*  
*in English 15 Dec 88 p 3*

[Text] Kim Hyon-hui, a north Korean agent accused of bombing Korean Air Flight 858 in November last year, said she underwent spy training in Macao by north Korean agents.

Kim told prosecution investigators Tuesday that she was told to return to Pyongyang from Macao alone on Sept. 22, 1987, and on Oct. 6, she was ordered to team up with Kim Song-il to sabotage the south Korean airliner while disguised as Japanese.

According to prosecutors, the suspect said she and her male companion underwent more than three years of training before the sabotage mission and that she was educated intensively in Japanese and English and mannerisms of different countries, as well as explosives and communications.

Kim was quoted as saying that she went to Guangzhou, China, on the orders of north Korean officials on July 3, 1985, to familiarize herself with the country's customs. She was trained in clandestine telecommunication tactics during her stay in China.

On Aug. 18, 1986, she was sent to Macao with a fake Japanese passport where she underwent further training by north Korean agents, Kim said.

She was about to return to Guangzhou to acquire a certificate of residence from China in September, 1987, when she was ordered to go back to north Korea alone.

She returned to Pyongyang on Oct. 6, and upon her arrival, she was told to plant a bomb on Korean Air Flight 858 while traveling with Kim Song-il, disguised as Japanese.

She and her male counterpart were trained at the "guest house," a place where most agents undergo espionage training, at Tongbukri, Pyongyang, so that they could speak Japanese and English fluently. They were also taught how to operate the bombing devices, Kim said.

They were also given \$10,000 and necessary equipment for their mission, Kim told the prosecution.

Kim, appearing more relaxed than before but attenuated and weaker, read over a confession statement for more than 30 minutes, prosecutors said.

**No's Office Denies Hint of Coalition Reports**  
*SK1512082788 Seoul YONHAP in English*  
0812 GMT 15 Dec 88

[Text] Seoul, Dec. 15 (YONHAP)—Faced with bitter opposition criticism, the office of President No Tae-u denied reports Thursday that No has hinted of a possible coalition with conservative opposition political parties.

Presidential spokesman Yi Su-chong said neither the government nor the ruling party has so far considered such an arrangement.

"What President No emphasized at the meeting Wednesday of key ruling party leaders was that there is no difference between the ruling and opposition parties in protecting free democracy and that the ruling and opposition parties should make joint efforts," Yi said.

"No coalition of conservative parties or a separate organization for the protection of the free democratic system was discussed in the meeting," he added.

No was quoted by newspaper reports as having told the first meeting of the new ruling party leadership that the ruling party needs to cooperate with people having the same intention of protecting free democracy even if they are members of the opposition parties.

Reports had it that No hinted the possibility of forming an extensive coalition of conservative political elements or an alliance between the ruling party and conservative political parties.

Opposition parties responded sharply to No's reported remarks expressing suspicion that No is attempting to build a new political structure through a coalition of conservatives, possibly to win the projected interim test of public confidence in the No government.

The leading opposition Party for Peace and Democracy (PPD) headed by Kim Tae-chung, expressed a negative response, pending an official comment, to No's reported remarks which Kim said contain "clauses to be reviewed."

In connection with the recent reshuffles of the government and ruling party leadership, Kim has denounced the No government saying that it seeks a coalition government and is aiming for a constitutional amendment to implement the parliamentary cabinet system.

Kim Won-ki, PPD spokesman, also criticized No saying he is trying to side-step the public resentment over his unsuccessful efforts to sever ties with the government of his disgraced predecessor.

The second largest opposition Reunification Democratic Party (RDP) also criticized No's remarks as "being rooted in an easy attitude to maintain his grip of power."

In an official comment, RDP spokesman So Chong-won demanded that the ruling camp never again mention such a coalition but make its best efforts to eradicate scandalous legacies of the government of former President Chon Tu-hwan.

RDP President Kim Yong-sam ruled out the possibility of an alliance between the ruling and opposition camps saying that the ruling party should never think of using other political parties as a means to maintain its power.

**DJP Chairman Hints at Referendum in March**  
*SK1512012388 Seoul YONHAP in English 0113 GMT 15 Dec 88*

[Text] Seoul, Dec. 15 (YONHAP)—Ruling Democratic Justice Party (DJP) Chairman Pak Chun-kyu has hinted that the ruling camp is considering holding a national referendum after next March to determine public confidence in President No Tae-u.

"We are examining almost all possible options for the interim test of public confidence in President No's government, including a national referendum," Pak said. "However, we have a basic position to directly ask the people's intention."

"An ultimate decision on the interim test will be made next February or March after consultations with opposition parties," Pak told reporters. "We have no intention to avoid a direct appraisal by the people."

During his 1987 presidential campaign, No promised that if elected, he would conduct an interim test after the Seoul Olympics to let voters judge his performance. No was elected president last December and took office in February.

Referring to a possible vote on the matter in the opposition-controlled National Assembly, Pak said, "We cannot but accept it if opposition parties agree (with each other), but politics should be handled in line with agreements between ruling and opposition parties."

Asked about rumors that the ruling camp is considering the cabinet system, Pak said that his party had not reached an agreement with any of the three opposition parties on the matter, but "will push ahead for a policy coalition with the opposition."

"For possible talks among leaders of the ruling and opposition parties, we will propose to the opposition soon that a senior officials' meeting be held," Pak added.

**'Strategists' Suggest Early 1989 Plebiscite**  
*SK1512012788 Seoul THE KOREA TIMES in English 15 Dec 88 p 1*

[Text] The administration and the ruling party are seriously considering holding a plebiscite early next year to put an end to the controversy over the problem of Chon Tu-hwan as early as possible and solidify the power base for President No Tae-u by winning it, informed sources said yesterday.

Strategists have examined various means to implement No's pledge to get through a mid-term appraisal of his achievements, which could include a nationwide poll by a creditworthy organization and a vote at the Assembly. They recently concluded that a plebiscite on a major national issue is the best way to achieve both ends—the termination of the Chon question and the stabilization of government, the sources disclosed.

As to the most important question of timing, the sources said that it would be set on no later than March.

The sources said that the plebiscite date could be readjusted, depending on the reaction of opposition parties and public opinion, and that it might be held next month at the earliest in case the political situation proves favorable to No.

Rep. Pak Chun-kyu told Japanese correspondents yesterday that the Cabinet would decide on the concrete method and date for the mid-term assessment "in two or three months."

He did not say whether the result of the assessment would affect No's five-year tenure which will expire in February 1993 under the Constitution and just foresaw that yes votes would reach a majority.

A bold inter-Korean overture is likely to be referred to in the plebiscite, as widely expected in the political arena long before.

Prime Minister-designate Kang Yong-hun recently sent a letter to new North Korean prime minister Yon Hyong-muk on Pyongyang's offer of a military talk and Seoul's Unification Minister Yi Hong-ku said that a daring proposal would be delivered to the North.

The DJP will step up publicity efforts toward the public for the plebiscite which the government party regards as the most crucial task facing the President.

No, concurrently DJP president, told a meeting of top party executives and his senior aides yesterday that the ruling party should reinforce cooperation with opposition parties which are "willing to safeguard the present political system."

At present, only Kim Tae-chung of the hard-line Party for Peace and Democracy is mounting an offensive towards the No administration with the issue of mid-term appraisal. Kim Yong-sam of the Reunification Democratic Party has reserved his firm posture, while Kim Chong-pil of the moderate New Democratic Republican Party has harped on the unnecessary of the risky action.

President No also stressed the need for urgency in reforming the governing Democratic Justice Party into a democratic operation, abandoning the authoritarianism of the past.

"The DJP has so far been lacking in self-reform efforts," No said, adding "It should be reborn so as to become a democratic party, not a party protected by an authoritarian government."

The participants in the meeting included new DJP chairman Pak Chun-kyu, Central Committee chairman Yim Pang-hyon, secretary general Yi Chong-chan, floor leader Kim Yun-hwan, party spokesman Pak Hui-tae and First State Minister for Political Affairs, Chong Chong-taek,

The presidential aides who were on hand, were secretary general Hong Song-chol, senior secretary for political affairs Choe Chang-yun and presidential spokesman Yi Su-chung.

President No instructed the DJP to measure up to the difficulties facing small and medium industries, especially those in provincial cities, caused by the appreciation of the Korean currency and "to map out measures to prevent them from going bankrupt and positively help them keep pace with the flow of industrial development."

He added that the party should form fact-finding missions, if necessary, to discover what difficulties the small and medium industries face.

"To adapt to new economic circumstances, systematic responses are needed," No was quoted as saying.

He called for close cooperation between the party and the administration to draw a comprehensive plan designed to resolve traffic problems in metropolitan cities and the insufficient supply of housing, to relocate some of the population to provincial areas and to develop national territory on a balanced basis.

**Kim Tae-chung Notes 'Suspicion' of Government**  
*SK1412020388 Seoul THE KOREA TIMES in English*  
14 Dec 88 p 2

[Text] Kim Tae-chung yesterday repeated his earlier hint that he would be seeking a no-confidence vote against President No Tae-u, expressing the suspicion that the governing camp is attempting to introduce the parliamentary form of government.

Ruling camp chairman Pak Chun-kyu immediately denied that the government party was seeking the introduction of the parliamentary system.

The president of the Party for Peace and Democracy viewed that political situation is being drawn into a "transitional period" as the ruling camp is trying to form a coalition government and revise the constitution to replace the current presidential system with the parliamentary form of government.

Kim, speaking at a regular meeting of key post-holders yesterday, alleged that the No administration is attempting to wage a confrontation with his party to break through the obstacle of his mid-term appraisal of performance, pledged during the past presidential election.

Regretting that the current cooperative system among the three opposition parties is showing signs of disintegration, Kim called upon all party members to refresh their minds in preparation for the break-down of the intra-opposition cooperative mood.

He predicted that the people will form a consensus opinion on No and his administration by next spring. Kim repeated his call on Saturday for President No's living up to his pledge of a vote of confidence.



The PPD president criticized the No administration for not being sincere in implementing democratization steps. "We will decide (whether to promote a no-confidence vote against No or not) next spring after carefully gauging public opinion," Kim said.

He said President No's recent reshuffle of the Cabinet and the governing party hierarchy was designed to ensure a trouble-free vote of confidence next year but his intention would never succeed.

Kim noted that ex-presidents Chon Tu-hwan and Pak Chong-hui lost "wars" although they won "battles." However, Kim said President No lost even the "battle of the April parliamentary election."

"If our party should fight a war, together with the people, we will surely win under whatever circumstances," the PPD chief noted.

"We had pledged to cooperate with the No administration and would not call on him to put himself to a vote of confidence if he were sincere about democratic reform," Kim noted. But he averred there is growing indication that the No government is hesitating to sever its ties to the past regime.

**Kim Tae-chung Eases Stance on Evaluation Remark**  
SK1512011088 Seoul THE KOREA TIMES in English  
15 Dec 88 p 2

[From the "Press Pocket" column: "Dual Strategy"]

[Text] Kim Tae-chung yesterday toned down his earlier indication of waging a no-confidence vote against President No Tae-u and commented that his remark was intended to serve as a strong warning against the ruling camp.

He said he has no intention of waging a showdown with the governing party and said his statement was designed to serve as a strong warning against the rise of the hard-liners in the governing party.

Kim furthered that his remark was also designed to drive a wedge against any move for the introduction of the parliamentary form of government and to express worry against what he called an anti-democratic attitude of ruling camp lawmakers in the Assembly hearing on the 1980 Kwangju turmoil.

As if to neutralize newspaper comments that Kim might side with the dissident groups to shake the No administration by waging a no-confidence movement, Kim emphasized that he was deeply worried over the recent radicalism of students, who sometimes detained their professors.

The president of the Party for Peace and Democracy indicated that he might not link the mid-term appraisal of No's performance to the no-confidence movement,

thus backtracking from his hardening stance. Political commentators say that Kim seems to be taking on a lukewarm and dovish strategy.

**Chon Receives Summons From Assembly Panel**  
SK1512010088 Seoul THE KOREA TIMES in English  
15 Dec 88 p 2

[Text] Inje, Kangwon-to—A summons sent by mail from Rep. Yi Ki-taek, chairman of the special House committee probing irregularities of the fifth Republic, was received yesterday by aides to ex-president Chon Tu-hwan who is living in seclusion at the Buddhist Paektam-sa temple.

The ex-president is being summoned to testify on Fifth Republic irregularities during the Assembly hearing scheduled for next Thursday. The special House panel is ready to issue a writ of arraignment against ex-president Chon if he again refuses to appear before the Assembly panel.

**Panel Warns Chon, Choe**  
SK1512022388 Seoul YONHAP in English  
0211 GMT 15 Dec 88

[Text] Seoul, Dec. 15 (YONHAP)—The National Assembly panel investigating the 1980 Kwangju civil uprising decided Thursday to send a letter to former President Chon Tu-hwan warning that it will issue a writ if he refuses to attend a hearing on Dec. 19.

The panel also decided to send a panel representative to meet with former President Choe Kyu-ha, who on Wednesday expressed his willingness to make statements on his knowledge of the Kwangju uprising.

In his letter to Mun Tong-hwan, chairman of the panel, Choe said, "It is necessary for me and the panel to deepen mutual understanding through open-minded dialogues. I have an intention to have talks with a representative of the panel."

The panel earlier sent letters to Chon and Choe, requesting the former presidents to attend a panel hearing next Monday to testify on what the opposition camp has called "the Kwangju massacre" in May 1980.

Choe was president when the Kwangju civil uprising occurred, but resigned from office three months after the violent suppression of the uprising by paratroopers. Chon succeeded Choe.

"I, as chairman of the panel, will visit Choe," Mun said after a meeting of panel members Thursday. "I will urge Choe to attend the hearing after I grasp his real intention."

### Chon Urged To Testify

SK1412021188 Seoul THE KOREA TIMES in English  
14 Dec 88 p 8

[Editorial: "Chon's Testimony Sought"]

[Text] The task of probing irregularities of the Fifth Republic is revolving around its starting point. Notably, the investigation of the massive scandals around ex-President Chon Tu-hwan appears to be deadlocked mainly because almost all allegations against the former president have not been answered by their very target.

A number of testifiers at parliamentary hearings indicated or implied that Chon was responsible for various cases of graft. A former official of the National Security Command which Chon headed claimed that the then NSC commander himself issued the shooting order to quell the civil uprisings in Kwangju in 1980. The large-scale purge of government officials and journalists, the Samchong reeducation program, the foundation of the Ilhae Institute and other malpractices were ascribed to the direct orders or the approval of the ex-president now in self-imposed exile in a remote Buddhist temple.

The National Assembly special probe committee on the Kwangju incident has served a summons on Chon and ex-President Choe Kyu-ha to have them give testimony. The committee has resolved to issue warrants to force their attendance at the legislative hearing, if they refuse to testify over the period Dec. 19-21.

For the present, there is no sign they will accept the parliamentary summons. They have already rejected committee requests for testimony more than once. At any rate, they should know that without their clarification at the parliamentary hearings, the National Assembly is hard put to end the festering controversy over the vicious legacies of the previous regime.

Former President Chon vowed to the nation in his apology statement on Nov. 23 that he would not shrink from any punishment by the people, saying, "If you insist on my departure, I am ready to go wherever you want me to go, except out of the fatherland." He said that he long ago had decided to sacrifice himself for the benefit of the nation, and so he was ready to face any sufferings or ordeal.

Chon's penitential statement and his ensuing retiring into obscurity are sufficient to arouse compassion from the people. But this is the right reaction only when his behavior is sincere. If he tried to use the remorseful remarks as a means of evading immediate censure and punishment, his days are numbered.

All of the three major opposition parties have maintained that the two ex-presidents, especially Chon, should testify at the probe committee and a majority of the general public has supported them, according to a

public survey. Moreover, their presence at the hearing is duly requested in accordance with the pertinent law as well as the principle that all men are equal before the law.

In the meantime, we may well take heed of the opinion survey that a majority of the people take a negative attitude toward the judiciary punishment of Chon, including incarceration or penal servitude. The public's leniency presumably presupposes his voluntary attendance at the parliamentary hearing and clarification of a multitude of suspicions.

Chon needs to vindicate his statement that he does not have an inch of land or a penny abroad except for the 13.9 billion won that he said he managed for the ruling party. Otherwise, he should be ready to take responsibility if any other assets are found at home or abroad as he mentioned in his Nov. 23 statement.

After the revelation of the whole truth through his clarification, he deserves public sympathy and freedom from criminal punishment in accordance with the due legal procedures including a presidential pardon.

In parallel, the government needs to take prompt action to search for Chon's alleged assets concealed in some foreign countries and at home as well, so as to clarify the truth of his remarks. The ruling Democratic Justice Party should cooperate with the majority opposition in probing the Chon scandals. The DJP did wrong when it opposed the opposition-proposed summons for Chon's testimony.

The opposition parties, on the other hand, should take unsparing efforts to bring to a quick conclusion the controversy over the Fifth Republic irregularities, lest they give the impression of protracting the probe for ulterior purposes in connection with the professed interim appraisal of the present government.

### Special Prosecution To Summon 'Key Figures'

SK1512012688 Seoul THE KOREA TIMES in English  
15 Dec 88 p 3

[Text] The special prosecution body now investigating "Fifth Republic irregularities" will soon summon and interrogate key figures allegedly involved in the 19 cases of corruption and power abuses.

Those to be summoned reportedly include Chang Se-tong, former chief of the presidential security force; An Hyon-tze, Chang's successor; Chong Chu-yong, honorary chairman of the Hyundai Business Group; and Kim In-pae, former deputy secretary general of the Ilhae Foundation.

The special headquarters will also summon other business tycoons, including Yang Chong-mo, former chairman of the dissolved Kukje Business Group, to see if

they donated money to Chongwadae after taking legal steps and to determine if they received "special favors" from the government in return for the money donations.

The businessmen will also be queried as to whether there was any "pressure" or "coercion" exerted on them by powerful figures of the regime of the former president Chon Tu-hwan to make donations.

According to sources at the special headquarters, it will be almost impossible for prosecutors to prosecute all those involved in the 19 irregularities due to lack of evidence or legal limitations.

However, the prosecution will be able to prosecute those responsible for the irregularities involving the Ilhae Foundation, Saesedae Foundation and the now defunct Korea Shipping Corp., the sources said.

Prosecutors will also be able to indict those involved in the so-called Northrop scandal in case they secure enough evidence, according to the sources.

In particular, the prosecutors will make every effort to uncover possible misappropriation of the Petroleum Development Fund, the sources said.

Alleged irregularities in the course of golf course construction will also be thoroughly investigated by the special prosecution body.

**Decision To Halt Chon Investigation 'Denounced'**  
*SK1512013088 Seoul THE KOREA TIMES in English*  
15 Dec 88 p 2

[Text] The opposition Reunification Democratic Party yesterday denounced the reported decision of the prosecution to give up investigating former President Chon Tu-hwan in connection with irregularities during his seven-year rule.

The RDP's censure followed the report that a task force of prosecutors are expected to call Chang Se-tong, former chief bodyguard for ex-President Chon, and other former key aides soon for a full-fledged investigation of irregularities perpetrated through the abuse of power during Chon's rule.

The prosecution, however, announced Tuesday that the ex-president will not be subject to the prosecution's investigation.

The RDP claimed that "the prosecution's announcement exposed voluntarily the limitation of the Sixth Republic as we expected a long time ago."

RDP spokesman So Chong-won said in a statement issued after the meeting that "the RDP will spearhead efforts to liquidate the bad legacies of the Fifth Republic on behalf of the Sixth Republic which has lost its will to cut links with the past regime through the introduction of special prosecutors."

**Ilhae Witnesses Give Contradictory Testimony**  
*SK1512024588 Seoul THE KOREA HERALD*  
in English 15 Dec 88 p 1

[Text] Contradictory testimony, repetitive questions and evasive answers marred a parliamentary hearing yesterday on the irregularities of the Ilhae Foundation.

Chang Se-tong, ex-President Chon Tu-hwan's security chief, denied that businessmen were forced to donate money to establish the foundation.

But Chong Chu-yong and Yang Chong-mo said they made donations for fear of retribution.

The hearing is probing allegations of extortion in raising money for the foundation, which Chon allegedly planned to use to preserve his political influence after his step-down in February.

The three witnesses were cross-examined because of their conflicting accounts at previous hearings.

Repeating earlier testimony, Chang said businessmen were not forced to donate money against their will.

Chang, Chon's most-trusted aide, denies he was mostly responsible for the fund raising.

Chong, founder and honorary chairman of Hyundai Group, said he willingly made his first donation to the foundation in 1984, but two donations in 1985 and 1986 were made because he feared unfavorable treatment.

Yang said the collapse of his Kukje-ICC Group in 1985 was political retribution for his "small" donations.

The Ilhae case is one of the biggest irregularities surrounding the disgraced ex-president.

Chon went into internal exile in late November after apologizing to the people for his misdeeds, including the Ilhae case, and surrendering all his assets to the state.

Denying testimony by Choe Sun-tal and Chong Su-chang, Hyundai chairman Chong said that he did not know a fund-raising target had been set at the time.

Choe, director of the foundation, at an earlier hearing said the target was 50 billion won but refused to disclose who set the goal.



Chong Su-chang, former president of the Korea Chamber of Commerce and Industry, previously testified the initial goal was 30 billion won.

The two Chongs led the fund-raising campaign, telling about 50 top businessmen how much to donate.

Chong Chu-yong, former president of the Federation of Korean Industries, said he thought that 10 billion won would be enough to establish the foundation and to carry out its projects.

He said that to his surprise 18.4 billion won was raised in the first year of fund raising, well beyond the goal of 10 billion won.

He said he still could not understand why the goal was overshot.

Chang, who also headed the powerful Agency for National Security Planning during Chon's rule, showed his "unwavering loyalty" by defending Chon against opposition lawmakers.

The nationally televised hearing, which lasted from 10 a.m. till 7:40 p.m., was boring because so many questions were off target and redundant.

The few splashes of excitement were when witnesses and lawmakers exchanged harsh words over each other's lack of manners.

Lawmakers were intentionally harsh on Chong because of criticism that they were too soft on him in the previous hearing.

Chang struggled to control his temper in the face of sometimes humiliating questions.

But he erupted when DJP lawmaker An Pyong-kyu told him that because of the Ilhae scandal, ruling party members were too ashamed to raise their heads.

Chang said, "If all the allegations against the foundation and me are true, I am willing to be beaten to death here and now."

**Officials Resign Over Report on Past Deeds**  
*SK1512011488 Seoul THE KOREA TIMES in English*  
15 Dec 88 p 2

[Text] Six officials with the Culture-Information Ministry public affairs office yesterday tendered their resignations to Minister Choe Pyong-yol over reports in a Seoul daily on the past activities of press affair officials.

Yi Chong-pae, chief of the public affairs office and five members of the office, said the whistleblower stories in the HANGYORE SINMUN Dec. 13-14 caused damage to journalists and their papers involved, and asserted that the stories are not necessarily true.

The officials, who were involved in implementing the press guidelines, said that the ministry submitted documents on their contacts with journalists to the National Assembly Education-Information Committee with assurances that it would not be made public.

**USSR Proposes ROK Loan for Siberian Plant**  
*SK1512092888 Seoul YONHAP in English*  
0920 GMT 15 Dec 88

[Text] Seoul, Dec. 15 (YONHAP)—The Soviet Union has proposed that South Korea provide a 300 million U.S. dollar loan for building a furniture production plant in Siberia on a turnkey basis.

An official at the state-run Korea Trade Promotion Corp. (KOTRA) said Thursday the Soviet Chamber of Commerce and Industry wants to repay the loan with timber resources.

He said Vladislav Malkevich, chairman of the Soviet Chamber of Commerce and Industry, submitted the proposal to Yi Son-ki, KOTRA chairman, when the latter visited Moscow early this month.

KOTRA plans to discuss details including interest for the proposed loan with Vladimir Golanov, vice chairman of the Soviet chamber, during his scheduled visit to Seoul in January.

Under the Soviet proposal, Moscow will compensate Korea with goods for its funds and technology used in the construction.

**Samsung To Set Up Moscow Trade Office**  
*SK1512013888 Seoul YONHAP in English*  
0132 GMT 15 Dec 88

[Text] Seoul, Dec. 15 (OANA-YONHAP)—In the wake of the growing economic exchanges between South Korea and East Bloc countries, the first liaison office of a South Korean trading firm will open in Moscow next month, business sources said Thursday.

Samsung Co., an affiliated trading firm of the Samsung Business Group, reached agreement on Tuesday with the Soviet Union's Chamber of Commerce and Industry to set up a permanent liaison office at the World Trade Center in Moscow.

The accord is the first by a Korean trading house under which the firm will use its own name in the Soviet Union instead of the names of local firms in third nations, the sources said.

**Soviet Filmmakers To Pay Weeklong Visit**  
*SK1412090288 Seoul YONHAP in English*  
0850 GMT 14 Dec 88

[Text] Seoul, Dec. 14 (YONHAP)—A Soviet actress, film director and two film industry officials are to visit South Korea on Dec. 18 for a weeklong visit at the invitation of a Korean film maker.

The four, including actress Natalya Dmitrievna Valilova, will participate in a number of promotional events for the Soviet film "Moscow Does Not Believe in Tears," slated for release here on Dec. 24, said a spokesman for the Hyunjin Film Co. Wednesday.

Also in the group are Eldar Alexandrovich Ryazanov, director of the Soviet film "station for two," and Gue-nadi Tsaregradsky and Igory Robertovich Feofanov, officials of Sovexportfilm, a Soviet state-run film company, according to the Hyunjin official.

The film "Station for Two" is scheduled to be shown in Seoul early next year.

The four also plan to meet with leaders in South Korea's motion picture industry and those majoring in Russian literature, the official said, adding that they also plan to attend a preview of "Moscow Does Not Believe in Tears."

**2-Day Trade Talks With Japan Conclude**  
*OW1512020288 Tokyo KYODO in English*  
1335 GMT 14 Dec 88

[Text] Seoul, Dec. 14 KYODO—Japan and South Korea wound up a two-day session Wednesday with a pledge to expand bilateral trade and strengthen cooperation.

Japan urged South Korea to do away with its policy of promoting imports from nations other than Japan and to improve the environment for Japanese investment, conference sources said.

It also called on Seoul not to give priority to the United States on the problem of protecting intellectual property rights.

South Korea asked Japan to lower import tariffs and remove nontariff barriers as well as requesting transfer of advanced technology and cooperation for promotion of South Korea's exports, the sources said.

South Korea expressed regret at the Japanese textile industry filing of a dumping charge against imports of South Korean knitwear.

South Korea also asked Japan to provide information concerning promotion of economic relations with China, the Soviet Union and East European nations.

**Pact on Video Recorder Prices Reached With EC**  
*SK1412083588 Seoul YONHAP in English*  
0819 GMT 14 Dec 88

[Text] Seoul, Dec. 14 (OANA-YONHAP)—Korea and the European Community (EC) have recently agreed to raise the minimum price of Korean-made videotape recorders (VTR's) in European markets by 19 percent rather than restrict export quantity, a vernacular economic daily reported Wednesday.

The agreement would boost the minimum price from 206 U.S. dollars to 246 dollars, the Korea economic daily said.

An official at the Trade and Industry Ministry said, however, that the price agreement must be confirmed at an EC commission meeting on Dec. 16, adding that confirmation looks doubtful as it must be unanimous and EC members have mixed feelings toward the accord.

If the price hike is approved, the temporary dumping margin tariffs of 27.1 percent imposed since last July on Korean-made VTR's will be lifted and quantity restriction on the item will no longer be an issue.

Similar accords are also expected for Korean-made color televisions and videotapes, which are also faced with anti-dumping lawsuits.

However, Korean firms are not likely to welcome the price hike, fearing that their products' competitiveness will be adversely affected by the increase.

An industry source said that Korea needs higher value-added items but Korean firms currently view such goods as having less quality competitiveness.

It is assumed that a 19 percent price increase will curb demand in the EC market to less than 830,000 VTR's while Korea originally offered 830,000 VTR's for quantity restriction.

**Workers at Government Institutes on Strike**  
*SK1412021988 Seoul THE KOREA HERALD*  
*in English 14 Dec 88 p 3*

[Text] A walk-out today by unionists at the Korea Advanced Institute of Science and Technology (KAIST) is likely to plague the grading of high school entrance examination papers.

Labor unions at three other government-supported research institutes also go on strike today—the academy of Korean Studies, Korea Development Institute (KDI), and Korean Institute for Economics and Technology (KIET).

All four institutes are making demands of a similar nature, mainly greater independence from the government.

The strike at KAIST will plague the computerized scoring of exam papers, but will not completely paralyze it, a labor union spokesman said.

Students around the nation took the high school entrance exam last Dec. 8, and the deadline for test grading is set for Dec. 21.

Workers of the Academy of Korean Studies demand a pay raise and greater independence from the government.

They also demand that management provide job security for them by scrapping the current system under which workers are hired on a contract basis.

The academy union was the first to decide to go on strike last Saturday. Unionists at KDI and KIET followed suit when they held a ballot on Monday, and the KAIST unionists voted yesterday.

Meanwhile, labor unions of 11 government-financed research institutes issued a joint statement calling for a reshuffle in their management, and urged the government to return the institutes to the public.

**Samsung Under Pressure To Permit Unions**  
*SK1512023188 Seoul YONHAP in English*  
0200 GMT 15 Dec 88

[Text] Seoul, Dec. 15 (YONHAP)—Business leaders here are attempting to persuade Yi Kun-hui, chairman of the Samsung business group, to allow the establishment of labor unions in Samsung-affiliated companies, sources said Thursday.

The efforts are being made, the sources said, out of concern that discouraging the establishment of labor unions in the group could result in serious labor disputes next spring, when wage negotiations begin at most Korean firms.

The business leaders are expressing their common view to Yi that if one of the major Korean conglomerates is engulfed in disputes, it would seriously affect not only Samsung, but also the Korean economy in general, the sources said.

Among 37 Samsung-related companies, only three—Ankuk Fire & Marine Insurance, Samsung Shipbuilding & Heavy Ind. Co. and Dongbang Life Insurance Co.—have labor unions.

Labor organizations criticize Samsung group for banning labor unions but Samsung management says the group does not oppose unions being organized in its firms, but prefers "co-existence through good relations between the management and workers without unions."

Some in the business community forecast that the Federation of Korean Trade Unions is expected to do its utmost to support the position of Samsung group workers next spring.

Sources at the Korea employers' federation said the federation is concerned that while most demands of workers have been accommodated during the last couple of years of labor disputes, there is still a chance that disputes will continue next year.

They pointed out that workers are expected to demand wage increases far beyond the company's projected wage rises because the economy grew an estimated 12.1 percent this year and the government raised next year's minimum wage 26.3 percent over a year ago.

They also said the federation predicts that labor organizations might actively intervene in labor disputes next year, supporting the position of workers.

**Dissidents Mark Anniversary of Military Incident**  
*SK1412022388 Seoul THE KOREA TIMES in English*  
14 Dec 88 p 3

[Excerpt] Hundreds of radical university students and dissidents staged violent demonstrations in major cities across the country Monday to protest against the so-called Dec. 12 military incident, in 1979, pelting police boxes with Molotov cocktails.

Police reported no arrests or injuries.

Approximately 1,500 student activists and dissidents chastised the military incident during demonstrations in Seoul, Pusan, Taegu, Kwangju and other cities Monday on the ninth anniversary of what they called a military coup d'etat.

University students and dissident circles have since charged that former President Chon Tu-hwan and his military associates seized power through the incident on Dec. 12, 1979, in the wake of the assassination of the late President Pak Chong-hui on Oct. 10, 1979.

Labeling the military incident as a revolt, the demonstrators demanded that the incumbent President No Tae-u step down immediately.

The students and dissidents clashed with riot police, who were mobilized to prevent them from raiding such public facilities as police boxes and district chapters of the ruling Democratic Justice Party.

About 50 youths who looked like collegians ran away at 6:15 p.m. Monday after having hurled roughly 30 Molotov cocktails at the police box in Pil-dong, downtown Seoul.



Part of the facilities in the police box were burned in the raid with eight windowpanes being shattered. [passage omitted]

**Student Leader Interviewed on Movement Aims**  
*SK1512011588 Seoul KUNGMIN ILBO in Korean*  
10 Dec 88 p 14

[Interview with Chong Myong-su, chairman of the National Confederation of University Student Representatives (Chondaehyop), by reporter Pak Tong-su—date and place not given]

[Excerpts] The student movement in our country has always been the eye of the political and social typhoon since national liberation. Occasionally it has been seen as the vanguard of antidictatorial struggle, as the spokesman for the forces of conscience, and as the forerunner of the reunification movement. At times, however, it has been regarded as a radical left-leaning, pro-communist force bent on using violence to have its way and has been the focus of public concern. At the outset of the eighties, the student movement galvanized the whole of society by raising issues that went far beyond the level of the general public's consciousness with such things as occupying and setting fire to the U.S. cultural centers and promoting North-South student talks as part of an antidictatorial struggle. In this context, it is meaningful to understand the facts about the student movement, namely how it sees and what it thinks of realities, and how it will move ahead in the future.

The KUNGMIN ILBO arranged an interview with Chong Myong-su, 22, president of the student body at Yonsei University and acting chairman of the National Confederation of University Student Representatives, the center of the current student movement, to hear him explain the current state of the student movement.

[Pak Tong-su] How do you view the political situation at this stage?

[Chong Myong-su] Over the past year since the presidential election in December last year, the workers and peasants have awakened considerably to realities and have rapidly accumulated their force. It is also true that the current regime is employing a flexible policy. However, I believe that the essential nature of the regime and its will to democratize have not changed a bit. It has failed to show any change in its approach toward such fundamentally important issues as the cause of converting society into one governed by independence and reunification. The current regime has only broadened its flexibility regarding its policy and its color. The movement of the popular masses, including the workers and peasants, and the people, including the middle class, counts most when it comes to returning the practical accomplishment attained in the process of democratization to the people themselves.

If the current regime continues its flexible policy as such, the students will have to change their way of responding to the regime and will continue their effort to broaden the legal room for having contacts with the people and of establishing ties with them, instead of throwing fire bottles. In parallel with this effort we will prepare for the founding of an independent national government while concentrating fire power on the cause of converting society into one governed by independence and the reunification question, issues about which the current regime is unable to do anything.

[Pak] How do you view the current political circles, the opposition in particular?

[Chong] The opposition forces were created mainly by the people's will to democratize in 1987. I believe the politicians should be ahead of the people at all times. The Korean opposition parties, however, are incapable of going far ahead of the people and, therefore, unlike the students, cannot actively lead the people, because they do not enjoy the trust or support of the people. [passage omitted]

I believe students can stage a joint struggle with the opposition parties in some fields, such as the antimilitary dictatorial struggle. However, we have no choice but to tug at the opposition parties in a way that meets the public demands in various other high-level areas. [passage omitted]

[Pak] What is your definition of the Korean war?

[Chong] I believe that the war was triggered by outside forces. Before discussing any other concrete reasons that caused the Korean war, it is important to understand that the failure in the struggle against the unilateral election [in South Korea] in 1948 has remained, along with the Korean war, the chief obstacle to the reunification of the Korean peninsula. The question is that the Korean war has been greatly distorted and the United States and dictatorial regimes in Korea have persistently used the Korean war as an instrument for anticommunist and splittist policy. I think the truth about the Korean war should be unveiled clearly through academic research activities.

[Pak] What is your opinion about national division?

[Chong] National division has greatly restricted the process of democratization and broadened the gulf between the sectors further. The only way to resolve such a phenomenon is to achieve reunification through democratization and through the struggle to convert society into one governed by independence.

[Pak] What do you think of North Korea?

[Chong] As long as the reunification question is concerned, North Korea, I believe, is flexible. In the beginning, North Korea stubbornly insisted on bilateral talks.

Later, it changed its stand and has come up with a proposal for tripartite talks, going so far as to express its willingness to meet with anyone for talks. [passage omitted]

Of course, there are clearly some errors within North Korea. But the truth is that facts about North Korea have been greatly distorted and that North Korea's policies have also been changed continuously by some people inside North Korea. North Korea is an opponent worth meeting and having dialogue with. [passage omitted]

[Pak] Some people point out that some students have become too radical and violent in getting their messages through.

[Chong] Under such suppressive circumstances as exist today, we had no other way of making our opinion clearly understood than the use of violence. We will be careful in the future struggle. [passage omitted]

[Pak] Recently, such communist countries as the Soviet Union and some East European countries have drawn closer to our country, establishing trade missions. What do you think of the communist bloc's approach?

[Chong] We sternly warn against some socialist countries that attempt to draw closer to us in a rash manner by cross recognition of the North and South. A global reform movement should be carried out in a way that abides by the basic order, within the framework of not fueling the suppressive conditions in other countries. We are actively against the Soviet Union and Hungary establishing trade missions in our country for their respective national interests. One must defend fundamental order and the principle of reciprocity and equality. [passage omitted]

**Assessment of 1988 Economic Performance**  
*SK1412014988 Seoul THE KOREA HERALD*  
*in English 14 Dec 88 p 6*

["News analysis" by Chang Il-yong: "Economic Growth Fastest in World This Year"]

[Text] Korea had the fastest growing economy in the world this year, registering doubledigit GNP growth for the third consecutive year.

This year's GNP growth rate is estimated at 12.1 percent, compared with 12.3 percent in 1986 and 12 percent in 1987. The performance is also remarkable because it was achieved despite skyrocketing appreciation of the won, nearly double that of 1987, and steep wage increases.

Real GNP growth rates for this year were estimated at 3.9 percent of the United States, 5.8 percent for Japan, 7.1 percent for Taiwan and 10 percent for Singapore.

Pre-Olympic concern about a slump after the Games has thus been proven unwarranted.

The Bank of Korea early projected this year's economic growth at 10 percent and revised it later to 11.7 percent, but expanding domestic demand and a bumper harvest lifted the final figure to 12.1 percent.

The economy grew 14.9 percent in the first quarter, 9 percent in the second, 12.6 percent in the third quarter and an estimated 12 percent in the final quarter of this year.

One factor behind the high economic growth this year was the rapid expansion of domestic demand, which saw a 8.1 percent growth in the private sector over a year ago.

The expansion is attributed to the export industries' efforts to develop domestic demand in the wake of the skyrocketing appreciation of the won and the increase of domestic consumption following wage increases, bank officials said.

Consumption in the government sector registered 10.4 percent growth over a year ago, partly aided by Olympic-related expenditures.

As a result, domestic demand growth's contribution to gross domestic product (growth rate 11 percent) was 8.9 percent, compared with 5.3 percent for exports and a negative 5.3 percent for imports.

Another factor behind the high GNP growth is the steady growth of exports despite the won's steep appreciation. The continuous export growth is ascribable to the export industries' efforts to cope with the appreciation through increasing export unit cost, reduction of prime cost and technology innovation.

The bumper farm crop also contributed to the double-digit growth of the national economy.

The agricultural, forestry and fishery sector registered unprecedented 8.4 percent growth this year, compared with 4.3 percent decline last year, due to the favorable weather.

Especially, the rice crop increased by 3.9 million sok (one sok equals 144kg) from a year earlier, lifting this year's GNP growth rate by 0.5 percentage points.

However, economists pointed out that some problems exist behind the high GNP rate. The content of the growth this year is not better than that of previous years, according to them.

For example, the growth rate of the manufacturing industry fell to 13.1 percent this year from 16.4 percent last year, the facility investment growth rate to 9.7 percent from 14.7 percent and the growth rate of export to 11.3 percent from 24 percent, they pointed out.

The slow growth of exports, they said, is a worrisome factor for next year.

The growth rate of exports was 26.5 percent and that of imports 18.5 percent in 1986, showing a relatively big difference, but the gap reduced to 24 percent to 21.2 percent in 1987. Entering this year, the growth rate of import surpassed that of exports 13 percent to 11.3 percent, they said.

Considering that exports still play a major role for the growth of national economy, the slow growth in exports casts a shadow over the economy in the future.

But the most worrisome factors are to be the growing U.S. pressure for more rapid appreciation of the won against the dollar, the further opening of the domestic market and demand for the abolishment of various tariff barriers, they said.



## Burma

### Thai Army Chief Chawalit Makes 1-Day Visit

#### Arrives With 34-Member Delegation

*BK1412154088 Rangoon Domestic Service in Burmese  
1330 GMT 14 Dec 88*

[Text] A good-will delegation led by General Chawalit Yongchaiyut, acting supreme commander of the Royal Thai Armed Forces and commander in chief of the Royal Thai Army, arrived in Rangoon at 0850 today in a special plane.

Gen Chawalit Yongchaiyut, acting supreme commander of the Royal Thai Armed Forces and commander in chief of the Royal Thai Army, was welcomed at the airport by Gen Saw Maung, Defense Forces chief of staff of the Union of Burma; Lieutenant General Than Shwe, chief of staff of the Army; Rear Admiral Maung Maung Khin, chief of staff of the Navy; Major General Tin Tun, chief of staff of the Air Force; Brigadier General Khin Nyunt, director of Defense Services Intelligence; Brig Gen Myo Nyunt, commander of the Rangoon Command; Colonel Thura Pe Aung, director general of police of the People's Police Force; Col Ba Hein, military attache at the Burmese Embassy in Thailand; Col (Narun Siridon) and Navy Captain (Chuchat Kitsathira), Army and Navy attaches at the Thai Embassy; and senior military officials.

Gen Chawalit Yongchaiyut and Gen Saw Maung took the salute and reviewed the guards of honor.

Gen Chawalit Yongchaiyut was accompanied by a 34-member delegation and 47 journalists. The delegation included Gen Phat Akkanibut, deputy commander in chief of the Royal Thai Armed Forces; Gen (Sakunsuwan), deputy commander of the Supreme Command; Gen (Apithat Intrapidet), commander of the Armed Forces Central Security Unit; Lt Gen (Sankit Chanpruh), director of military affairs of the Office of the Supreme Commander; Lt Gen Narudon Detpradiyut, director of the Supreme Command Information Office; Gen Wanchai Ruangtrakun, deputy chief of staff of the Royal Thai Army; Gen (Chaiyu Punsoran), chief general staff officer of the Royal Thai Army; Gen Praphat Kritsanachan, commander in chief of the Royal Thai Navy; Air Chief Marshal Woranat Aphichari, commander of chief of the Royal Thai Air Force; Police General Phao Sarasin, director general of the Royal Thai Police; Mr Suwit Sutthanakun, secretary general of the National Intelligence Council; Lt Gen Arun Pariwattitham, deputy chief of staff of the Royal Thai Army; and Lt Col Chai Ran of the Foreign Ministry.

At 1030 in the Ministry of Defense reception hall, members of Gen Chawalit Yongchaiyut's good-will delegation met with directors general and managing directors of the Ministry of Foreign Affairs, the Ministry of Agriculture and Forests, the Ministry of Energy, the

Ministry of Construction; the Ministry of Transport and Communications, the Ministry of Health, the Ministry of Livestock Breeding and Fisheries; the Ministry of Home and Religious Affairs; the Ministry of Industry-1; and the Ministry of Defense.

#### Calls on Gen Saw Maung

*BK1412160388 Rangoon Domestic Service in Burmese  
1330 GMT 14 Dec 88*

[Text] General Chawalit Yongchaiyut, visiting acting supreme commander of the Royal Thai Armed Forces and commander in chief of the Royal Thai Army, called on General Saw Maung, Defense Forces chief of staff of the Union of Burma at 1010 today at Dagon House of the Ministry of Defense.

Present at the meeting were Lieutenant General Than Shwe, chief of staff of the Army; Rear Admiral Maung Maung Khin, chief of staff of the Navy; Major General Tin Tun, chief of staff of the Air Force; Brigadier General Khin Nyunt, director of the Defense Services Intelligence; Colonel Thein Win, colonel air staff; Col Ba Hein, military attache at the Burmese Embassy in Thailand; and Col (Narun Siridon) and Navy Captain (Chuchat Kitsathira) Army and Navy attaches at the Thai Embassy.

Present at the meeting with Gen Chawalit Yongchaiyut were Gen Phat Akkanibut, deputy commander in chief of the Royal Thai Armed Forces; Gen (Sakunsuwan), deputy commander of the Supreme Command; Lt Gen Narudon Detpradiyut director of the Information Office of the Supreme Command; General Wanchai Ruangtrakun, deputy chief of staff of the Royal Thai Army; Gen (Chaiyu Punsoran), chief general staff officer of the Royal Thai Army; Gen Praphat Kritsanachan, commander in chief of the Royal Thai Navy; Air Chief Marshal Woranat Aphichari, commander of chief of the Royal Thai Air Force; Police General Phao Sarasin, director general of the Royal Thai Police; Mr Suwit Sutthanakun, secretary general of the National Intelligence Council; Lt Col (Chai Ran) of the Ministry of Foreign Affairs; and Gen (Chan Punprasat), general staff of the Supreme Command of the Royal Thai Armed Forces.

At the meeting, Gen Saw Maung, defense services chief of staff, explained in a frank manner developments in Burma since March up to today. He said efforts are being made through various means to enable the students to return home before 31 December and requested Thailand to give assistance on the matter.

Gen Chawalit Yongchaiyut said that he understands the developments in Burma and that his outlook has become clearer after the explanation given by the defense services chief of staff. He said he would present Gen Saw Maung's explanation to the Thai people and students. He pledged to give assistance on the matter of ensuring

the safe return of Burmese students through Thailand as requested by Gen Saw Maung and said efforts would be made to step up cooperation with Burma.

#### **Saw Maung, Chawalit Speeches**

*BK1512045588 Rangoon Domestic Service in Burmese  
1330 GMT 14 Dec 88*

[Text] At noon today, General Saw Maung, Defense Forces chief of staff, held a luncheon in honor of Gen Chawalit Yongchaiyut, acting supreme commander of the Thai Armed Forces and Army commander in chief, and members of his delegation at the No 2 Defense Forces Guest House.

Present on the occasion were Lieutenant General Than Shwe, chief of staff of Army; Rear Admiral Maung Maung Khin, chief of staff of Navy; Major General Tin Tun, chief of staff of Air Force; Brigadier General Aung Ye Kyaw, adjutant general; Maj Gen Phone Myint, quarter master general; Maj Gen Sein Aung, chief of No 1 Bureau of Special Operation; Maj Gen Chit Swe, chief of No 2 Bureau of Special Operation; Brigadier General Khin Nyunt, director of Defense Services Intelligence; Colonel Abel, director of procurement at the Ministry of Defense; Dr Pe Thein, minister for health; Brigadier General Myo Nyunt, commander of the Rangoon Command; Navy Captain Win Shein, chief of navy staff; Colonel Thein Win, chief of air staff; Col Thura Pe Aung, director general of the People's Police Force; and military attaches of the two countries; senior military officials; and Mr Thongchan Chotikasathian, dean of the diplomatic corps in Burma and Thai ambassador to Burma.

The guests were entertained by a program of music before and during lunch.

The two generals delivered speeches on the occasion. In his speech, Gen Saw Maung said:

Respected Gen Chawalit and members of the Thai good-will delegation: Together with my colleagues, first of all I wish to extend a very warm welcome to all of you for the second good-will visit to our country in order to establish fresh impetus for the flourishing traditional friendship consolidated between Burma and the Kingdom of Thailand.

We are greatly gratified to learn that the Thai good-will delegation is led by no other person than Gen Chawalit, who not only has deep understanding, but is also close to us. Your visit takes place at a time when the development of a new situation has taken place in Burma. As you are aware, the pillars of unity among the Defense Forces, indigenous people, and the entire population were attacked by both domestic and external unscrupulous elements with a view to disintegrating the Union of Burma. And as a result of general deterioration in the country, I had to lead the Defense Services to preserve the powers of state organs.

In carrying out the tasks entrusted by history, my government has earnestly dedicated four main objectives, namely, maintenance of law and order and regional stability, establishment of secure and smooth transportation and communications, providing the entire population with sufficient food, clothing, and shelter, and after these aims have been satisfactorily obtained, the final objective of holding multiparty democratic general elections will be fulfilled.

In order to implement effective application of multiparty democracy, a free and fair election is a prerequisite. To arrive at the goal, law and order maintenance and regional stability are required. After this objective is achieved, my government will see to it that the multiparty democratic general elections are held. I have thus pledged to the country.

There are 164 parties which have registered with the Elections Commission. Most of these political parties are now actively campaigning countrywide. My government has announced the open-door policy of economy, and the Foreign Capital Investment Act has been enacted with a view to enhancing the national economy sector, as well as alleviating the food, clothing, and shelter problems of the population, together with achieving law and order maintenance and a secure transportation system.

At present there are many companies and enterprises from many countries interested in economic cooperation with Burma due to her rich natural resources and prospects for development.

Respected Gen Chawalit, I am glad to note that you are the first dignitary to visit us after the new situation has developed in Burma. We therefore consider you one of our country's closest friends. At present, there are a few countries who look forward to consolidating friendship with us; on the other hand, some countries show less interest in cooperating with us. On our part, we cannot help but ignore their individual attitudes, as our policy is to establish friendship with every country. Our dedication is to strive for the interests of the country steadfastly.

In regard to the bilateral relations between Thailand and Burma, there have been no obstacles due to the wise guidance and initiative charted by the leaders of our two countries. When there arises minor problems in the course of our relations, we have been able to resolve them in a peaceful manner.

Presently, we find misguided students are streaming toward the border area fearing arrest and detention by the authorities. On our part, we are trying our best for the safe return of these students to their homes. Up to now over 1,500 students have returned to their homes, but many are unable to return because the insurgents are creating difficulties for their return.

We have made arrangements with the Thai authorities for repatriation of those students who wish to return from the temporary camps in Thailand. We have made arrangements to bring them home in planes if they are reported to us. We look forward to having wider cooperation from the friendly Thai authorities on this matter.

In the border areas of Burma and Thailand there exist Karen National Union insurgents and the National Democratic Front trying to form an alliance with other insurgents against the Burmese Government. In the past few days, it has been found that some expatriates have joined them in an attempt to stage armed insurrection in border areas. We are also aware that a few foreigners went to the Burmese insurgents to consult and encourage them and pledged support for their cause and spread concocted rumors about our country.

We in Burma steadfastly adhere to the five principles of peaceful coexistence and are also promoting good relations with our neighboring countries. We refrain from actions detrimental to neighboring and other countries, and we shall not take any action which would damage the friendly relations.

You are aware that the Defense Forces are engaged in operations against the National Democratic Front insurgents at Methawe area. We are most careful not to have any shells land inside the territory of Thailand and cause injury to the border population during our operation.

During our visit last year, you will recall that we have exchanged views on promotion of bilateral relations between our two countries and between our two Armies based on four major objectives. One of the objectives was respect for the territorial integrity of Thailand, and we are faithfully observing that pledge. I wish to reiterate that we will continue to do so.

Respected guests from the Royal Thai Armed Forces: On behalf of my colleagues and my friends, I would like to express once again how happy we are to receive your delegation led by Gen Chawalit himself, at a time when the Government of the Union of Burma has tried its best to maintain peace, tranquillity, and economic development in the country.

Your visit this time is very brief, and we have not been able to extend hospitality as we wished. Therefore, we invite you to come again when you can spare more time. In conclusion, I wish to confirm that your present visit will definitely enhance the long-standing friendship and the continuing bilateral cooperation in our mutual interests.

He then invited the guests to join him in a toast to the health and well-being of Their Majesties the King and Queen of Thailand, to the continued progress and prosperity of the people of the Royal Kingdom of Thailand, to the health and well-being of the esteemed Gen Chawalit Yongchaiyut, and to a lasting friendship between Thailand and Burma.

Gen Chawalit in his return speech said:

I have no idea as to how to address you. I feel I should address you as esteemed president, esteemed chairman, esteemed prime minister, esteemed minister of defense and minister of foreign affairs. However, please allow me to address you intimately as a brother.

My dear brother, it is very kind of you, indeed, sir, to allow me to address you as a brother. First of all, it is a great honor that I and my party have been received by you and all our Burmese brothers here.

We have to thank you again, and it will be the second time that you yourself said that we have a very big delegation; we have the biggest delegation in this world. During our first visit, we had about 136 delegates altogether. So, it is a very big delegation, and I know it is going to cause you a lot of trouble because you yourself and all my Burmese brothers now are working very hard for the peace, stability, and prosperity of the Union of Burma. So, permit me to thank you and all my Burmese brothers for a very warm welcome and your very wonderful hospitality.

The reason that I and my party are here today, you are already aware, is that I have the responsibility for border security, and that is why I am in this country. We have come to assure you again that Thailand will not make any intrusion into your internal business or internal activities.

Like Burma, we are very worried that you have some students along the Burmese-Thai border. We understand that it is most critical for you that these students come back to study for their future and the future of Burma. We will do our best, brother, to try to make them understand that what they want is democracy, and that it can be achieved peacefully.

I will try to explain to them also that in the history of Thailand for 200 years we had a similar big problem. Fighting against each other is not unity. Disunity caused us about 100 years delay in the development of our own country. So we do not want to see such a thing happening to our neighbor—our closest friend.

The second point is that we want to learn something from you, brother, and I and my party have already heard this with our own ears this morning. And with the permission from the leaders of Burma, I would like to guarantee that I will convey all your information to the world.

Again, my dear brothers, I want you to know that before today, we were looking forward to coming and seeing you. And now that we are here, we are very glad to be among friends. I have seen that they are very very happy, because they have been together with all our Burmese



friends and especially because they are sitting amongst their Burmese friends who are endeavoring to turn Burma into a peaceful, stable, and prosperous country in the near future.

Gentlemen, friends: May I take this opportunity to invite you all to join me in a toast to my dear brother, His Excellency Gen Saw Maung, for his happiness, long life and prosperity; and a toast to the everlasting friendship between our two Armed Forces, our two peoples, and our two countries.

#### **Departs for Bangkok**

*BK1512011888 Rangoon Domestic Service in Burmese  
1330 GMT 14 Dec*

[Text] A Thai delegation led by General Chawalit Yongchaiyut arrived at the Rangoon airport at 1615 today to return to Thailand. Gen Chawalit Yongchaiyut and Defense Services Chief of Staff Gen Saw Maung took the salute and inspected the guards of honor.

Gen Chawalit Yongchaiyut and his delegation left Rangoon by a special plane at 1630. Present with Gen Saw Maung were Lieutenant General Than Shwe, Army chief of staff; Rear Admiral Maung Maung Khin, Navy chief of staff; Major General Tin Tun, Air Force chief of staff; Colonel Thein Win, chief of air staff; Colonel Thura Pe Aung, director general of the People's Police Force; military attaches from the two countries; and senior military officials.

#### **Political Parties Continue To Register**

##### **Kayan National Unity Organization**

*BK1512091188 Rangoon Domestic Service in Burmese  
1330 GMT 14 Dec 88*

[Text] The Democratic Organization for Kayan National Unity, DOKNU, which has its headquarters at No 164, Nyaunggon Ward, (Heho), Shan State, has been permitted to register as of 14 December in accordance with Section 5A of the Political Parties Registration Law. This was announced in Announcement No 167 of the Commission for Holding Democratic Multiparty General Elections.

The Democratic Organization for Kayan National Unity has been formed with the following Central Executive Committee:

Patrons: U Thai Than Tin, member of the Independence Roll of Honor, 2d Grade; U Chit Swe, retired subdivisional officer;  
Chairman: U (Francis);  
Vice Chairman-1: U Aung;  
Vice Chairman-2: U (Mile Coburn)  
Secretary: U Kyaw San;  
Secretary-1: U Khun Maung Maung Win;  
Secretary-2: U Khun Kyaw;

Members: U Maung Gyi; U David Nitu; U (Thaw Mangaik); U (Peter Bee); U Toe; U Nan; U (Dahle); U Mya Lwin and U (Marti Oh).

##### **(Mara) People's Party**

*BK1512100588 Rangoon Domestic Service in Burmese  
1330 GMT 14 Dec 88*

[Text] The (Mara) People's Party, MPP, which has its headquarters at Myoma Ward, Paletwa, Chin State, has been permitted to register as of 14 December in accordance with Section 5A of the Political Parties Registration Law. This was announced in Announcement No 168 of the Commission for Holding Democratic Multiparty General Elections.

The (Mara) People's Party has been formed with the following Central Executive Committee:

Chairman: U (Kyi Pisopan), BSc mathematics;

Vice Chairman: U (C. San Maung);

General Secretary: U (C. Sajun), BS. physics;

Joint General Secretary: U (Cyril Oat), final year, physics;

Members: U (Mara Hlama); U (C. Vanchin), BA geography; U (C. Liang Mong), BSc botany; Daw (Ang Khaing Chin), BSc botany; U (C. Khaing Mong), B.Sc. chemistry; and U Thiha Maung.

##### **Commission Announces Registration of 166 Parties**

*BK1512090988 Rangoon Domestic Service in Burmese  
1330 GMT 14 Dec 88*

["Press Release No 151/88 of the Commission for Holding Democratic Multiparty General Elections, dated 14 December—the 6th day of the waxing moon of Nadaw, 1350 Burmese era"]

[Text] As of 13 December, a total of 164 political parties had registered with this commission in accordance with the Political Parties Registration Law. The following political parties were allowed to register today—15 December:

1. Democratic Organization for Kayan National Unity, DOKNU; and
2. (Mara) People's Party, MP.P

Hence, as of today, a total of 166 political parties have registered with this commission under the Political Parties Registration Law.

## Brunei, Malaysia & Singapore

### Malaysia

#### Gerakan Vice President Michael Chen Resigns

BK1412125588 Kuala Lumpur NEW STRAITS TIMES  
in English 13 Dec 88 p 1

[By Kong Chun Meng]

[Excerpt] Kuala Lumpur, Monday—Gerakan [Malaysian People's Movement] Vice President Datuk Michael Chen announced his resignation from the party today.

"The resignation letter was delivered by hand to Gerakan President Datuk Dr Lim Keng Yaik's office on Saturday," Datuk Chen told newsmen at his office this afternoon.

He said the letter gave reasons for the resignation, but he declined to disclose them.

"I will leave it to Datuk Dr Lim to decide whether it should be made public," he said.

Datuk Chen, who is the chairman of the Port Kelang Authority, declined to deny or confirm speculation that he would be rejoining the MCA [Malaysian Chinese Association].

His resignation has added fuel to speculation that he would be going back to the MCA, of which he was once the deputy president. [passage omitted]

### Singapore

#### Malaysia's Mahathir Arrives for 3-Day Visit

BK1412114588 Singapore Domestic Service in English  
1100 GMT 14 Dec 88

[Text] The Malaysian prime minister, Datuk Sri Dr Mahathir Mohamed, has arrived in Singapore for a 3-day visit with his wife Datuk Sri Datin Paduka Dr Siti Hasmah binti Mohamed Ali. They were received at Changi Airport by the labor minister, Mr Lee Yock Suan, and his wife, who are the minister and lady in attendance. Datuk Sri Dr Mahathir will deliver the 1988 Singapore Lecture at the Singapore Conference Hall later this evening.

The Malaysian prime minister is the first Asian to deliver the Singapore lecture. He will speak on the topics "Regionalism, Globalism, and Spheres of Influence: ASEAN and the Challenges of Change into the 21st Century". The lecture will be chaired by Mr S. Rajaratnam, a senior fellow of the Institute of Southeast Asian Studies, which is organizing the [word indistinct].

Among those present at the lecture today will be the prime minister and Mrs Lee Kuan Yew, cabinet ministers, members of Parliament, and academicians.

Tomorrow, Dr Mahathir will call on Mr Lee Kuan Yew at the Istana [Palace] after which the prime minister and Mrs Lee will host a lunch for Dr Mahathir and his wife.

#### Delivers Lecture 14 December

BK1412160988 Singapore Domestic Service in English  
1400 GMT 14 Dec 88

[Excerpt] The Malaysian prime minister, Datuk Sri Dr Mahathir Mohamed, has said there is no doubt that a more united ASEAN with a single common strategy would be more safe than separate strategies by each member state. He said ASEAN had proved effective in the political field, but it had not yet been so successful in economic cooperation. And now ASEAN had to face new economic challenges. Dr Mahathir made the point in his 1988 Singapore lecture delivered at the Singapore Conference Hall this evening.

He stressed that ASEAN had so far shown the greatest promise. The region has adjusted itself to numerous pressures from outside and some internal problems. But, he added, ASEAN countries would need to do more if they were not going to be deprived of their growth potentials and the competition with the new law. Closer regional economic cooperation within ASEAN was now imperative.

Dr Mahathir said ASEAN member countries must learn to complement rather than compete. Confrontation was not necessary, and every effort must be made to (avoid) this and to benefit from the new turn of events in the north.

The Malaysian leader also described the challenges resulting from the modernization of what he called the [words indistinct]. The first three were the 180-degree turn that China took under Mr Deng Xiaoping's modernization, glasnost and perestroika in the Soviet Union, and the second opening of Japan. The others were the creation of a single European market and the launching by the United States of its program of internal reforms and reconstruction.

Dr Mahathir noted that the process could not be easily stopped or reversed. But, in the next few years before the century ended, we were likely to have more peace in order to build quite literally a new world. Dr Mahathir said it would be a more truly interdependent world where managing the world economy would not be confined to a few major powers.

Dr Mahathir's speech was entitled "Regionalism, Globalism, and Spheres of Influence: ASEAN and the Challenges of Change into the 21st Century."

Among those present were the prime minister, Mrs Lee Kuan Yew, cabinet ministers, members of parliament, and academicians. The lecture was chaired by a distinguished senior fellow of the Institute of Southeast Asian Studies, Mr S. Rajaratnam.

In introducing Dr Mahathir, Mr Rajaratnam spoke of the constructive reconstruction of relations between Malaysia and Singapore under the Malaysian leader. He said the peoples of the two countries were now discovering that a [words indistinct] could also unite the peoples.

Mr Rajaratnam noted that the relationship between the two countries had matured from that between petulant juveniles to one between intelligent and businesslike friendly adults. [passage omitted]

#### **Comments on Gorbachev Proposal**

BK1512055988 Kuala Lumpur BERNAMA in English  
0457 GMT 15 Dec 88

[By A. Karim Shukor]

[Text] Singapore, Dec 15 (OANA-BERNAMA)—Malaysian Prime Minister Dr Mahathir Mohamed said ASEAN countries co-operate very well with each other, and in most cases, have been able to agree on a single approach to any problem.

He said he believed this sense of co-operation would extend to the economic field, "if only because they would otherwise be crushed by the weight of so many other economic forces."

He was speaking during question-and-answer at a talk on "Regionalism, Globalism and Spheres of Influence: ASEAN and the Challenge into the 21st Century" here Wednesday [14 December] night.

On what ASEAN, which groups Brunei, Indonesia, Malaysia, the Philippines, Thailand, and Singapore, should do to improve its competitiveness and make its impact felt with the larger powers, he said: "Look at the internal strength of the ASEAN countries. There was a great scope for economic co-operation".

He said that with agriculture, it was perhaps difficult, but with industry, it should be easier for member countries to complement each other.

He also said in intra-ASEAN economic co-operation, it was important to realise that it was purchasing power and not just the size of the population that counted.

Asked whether the slowness in economic co-operation among ASEAN countries might doom the regional body to obsolescence, Prime Minister Dr Mahathir Mohamed said: "No, I have strong faith in ASEAN".

Dr Mahathir also said that non-communist countries might be able to help convert the Soviets by facilitating the revision of the communist system which Kremlin chief Mikhail Gorbachev had proposed to achieve better economic results.

He said it was natural to be sceptical, but added that Gorbachev appeared to be sincere in wanting a change and that unlike in the past, when the Soviet people knew no system other than their own, people were now travelling, seeing achievements elsewhere and were beginning to want a better life for themselves.

"Once people see a better life, they are not likely to subscribe to a system which has deprived them of so much. We would facilitate the revision of the communist doctrine and before long we will not recognise it as a communist doctrine.

"We are still sceptical, but we should not dismiss everything that Gorbachev does as a mere stage show. I think we should give him a chance and help him. If there is a Russian who is willing to stick out his neck and propose things that are, in our eyes, much more reasonable, we should not just brush him aside.

"We should do nothing to push him out. We should try to give him a helping hand so that they can change their ways", he said.

#### **Lee Kuan Yew Meets Mahathir**

BK1512112488 Singapore Domestic Service in English  
1100 GMT 15 Dec 88

[Text] The Malaysian prime minister, Datuk Sri Dr Mahathir Mohamed, called on Mr Lee Kuan Yew at the Istana [palace] this morning. This afternoon, Mr and Mrs Lee hosted a lunch for Dr Mahathir and his wife, Dr Siti Hasmah.

Dr Mahathir, who is on a 3-day visit, delivered the Singapore Lecture yesterday. He called for greater cooperation among ASEAN members to realize their growth potentials.

#### **Goh Launches New Ship; Stresses Navy's Role**

BK1512030488 Singapore THE SUNDAY TIMES  
in English 11 Dec 88 p 1

[By Mathew Pereira]

[Text] Singapore's continued access to the major sea lanes is essential to the nation's survival and the Republic of Singapore Navy (RSN) has an important role in keeping them open, said the First Deputy Prime Minister, Mr Goh Chok Tong, yesterday.

Mr Goh, who is also the Defence Minister, was speaking at the launching of the first locally-built Missile Corvette (MCV), the RSS Valour.

He said a strong navy was also necessary to deter and to deal with threats aimed at closing the sea lanes.



Besides contributing to the country's security, the strengthening of the RSN would allow it to take part in regional efforts to maintain the security of sea lines of communication.

The 62-metre RSS Valour was named by Mrs Goh Chok Tong in a ceremony yesterday.

The navy's latest warship, which has anti-submarine warfare capability, enhances the RSN's ability to keep sea lanes open and to deal with threats. Six corvettes of the same class—to be the core of the navy's strike force—have been ordered.

While the first, RSS Victory, was built in West Germany, the others—including RSS Valour—will be home-built.

Mr Goh said: "Singapore sits astride the major sea lanes in the world."

Describing the sea lanes as "the arteries through which the life-blood of our nation flows", Mr Goh said they are important conduits through which come essential goods and daily necessities such as rice, fruit and petrol.

Excluding overland trade with Malaysia, 90 percent of our trade comes via these sea lanes. Thus, having free access to them was a matter of survival, not just a question of trade for economic prosperity, he added.

Mr Goh said Singapore's strategic location at the crossroads of the East and West was intrinsic to the country's economic success.

"We have capitalised on it, turned our port into the busiest in the world, and built ourselves a home and nation.

"But this geographical advantage can also be our disadvantage.

"Cut off our access to these sea lanes and Singapore immediately becomes 'land-locked'," he said.

On the need for cooperation to ensure the security of the sea lanes, Mr Goh said: "In a region where the sea lanes pass through the waters of many countries, the task of ensuring the security of the region and the sea lanes should be a cooperative effort.

"All countries in the region as well as the international shipping community have a shared interest in keeping the sea lanes open."

Such cooperation could take the form of loose coordination among countries acting independently or within a more structured framework, Mr Goh said.

Other forms of cooperation should also be explored, he added.

He cited instances of cooperation in traffic separation schemes, joint search and rescue efforts, and joint naval exercises.

Another point made by Mr Goh was that continued free access to the sea lanes must not be assumed.

"Piracy, navigational hazards, domestic instability in the coastal states and intra-regional conflicts can all threaten free access to them," he said.

He cited the recently-ended Iran-Iraq war, where the two countries resorted to indiscriminate use of force on unarmed ships which plied along the Strait of Hormuz.

Merchant shipping there was affected and the economies of the other oil-producing Gulf countries suffered, he added.

Mr Goh said that in the event of an intra-regional conflict in Southeast Asia, Singapore could well be affected and this would have grave consequences for the economic well-being and survival of the country.

Mr Goh praised the RSN for the progress it had made over the years, and this latest milestone in its development.

The RSS Valour will be undergoing sea trials by the first quarter of next year. This will be followed by the installation and integration of its weapon systems. It is expected to be delivered to the RSN by the first quarter of 1990.

## Cambodia

### PRK Delegation Leaves for Paris Meeting

BK1512113888 Phnom Penh Domestic Service  
in Cambodian 1100 GMT 15 December 88

[Text] In accordance with the joint communique of the first summit between Comrade Hun Sen, Samdech Norodom Sihanouk, and Son Sann, signed on 8 November 1988 in Fere-en-Tardenois, France, a PRK working commission delegation led by Comrade Hor Nam Hong, deputy minister of foreign Affairs of the PRK, left Phnom Penh this morning to attend the working commission's meeting which is scheduled to begin soon in Paris.

Seeing off the delegation at the Pochentong Airport were Comrades Cham Prasit, deputy minister attached to the Council of Ministers; (Se Sitche), chef de cabinet of the Foreign Ministry; and other cadres from the Council of Ministers and the Foreign Ministry.

Comrades Khamidulin, Soviet ambassador; and Nguyen Tho, counsellor of the Vietnamese Embassy, were also present.

**Thai Violations in Week Ending 3 December**  
*BK1312123588 Phnom Penh SPK in English*  
*1107 GMT 13 December 88*

[Text] Phnom Penh SPK December 13—In the week ended on 3 December, Thailand's L-39, F-5 aircraft and helicopters made five reconnaissance flights over O Smach and Chan Kraham areas (Siem Reap-Oddar Meanchey Province) and Preah Vihear Temple (Preah Vihear Province) from 2 to 12 kilometers inside Kampuchea's airspace.

On sea, Thai armed vessels made an encroachment on Kampuchea's territorial waters from 10 to 12 nautical miles off Kaoh Tang Island.

In the period under review, the enemy troops fired hundreds of artillery and mortar rounds on Kampuchean border areas in Battambang and Siem Reap-Oddar Meanchey Provinces.

The Kampuchea Revolutionary Armed Forces conducted a number of military operations, putting out of action 443 Khmer reactionaries, including 87 killed, 13 captured, and 343 forced to surrender. They seized 50 assorted guns, 713 artillery and mortar rounds, 63 land mines, 20 cases of AK-47 cartridges, 4 walkie-talkies, and two compasses.

**Khmer Rouge Chief Says Pol Pot Not 'Active'**  
*AU1412175188 Paris AFP in English 1738 GMT*  
*14 Dec 88*

[Text] Fere-en-Tardenois, France, Dec 14 (AFP)—Pol Pot, the strongman in Cambodia during the "killing field" years, has retired from the scene and no longer plays an active role, Khmer Rouge chief Khieu Samphan said here on Wednesday.

Addressing a brief, and rare, press conference, Khieu Samphan claimed that his movement's human rights record had improved since it was ousted from power by the Vietnamese army 10 years ago next month.

He was speaking after talks and lunch in this village near Paris marking his reconciliation with Cambodia's former head of state and resistance leader Prince Norodom Sihanouk.

"We consider Prince Sihanouk our national leader", Khieu Samphan said.

Asked what authority he had over Khmer Rouge forces controlled by Pol Pot, Khieu Samphan replied "Pol Pot has retired from the scene. He is still in the country but plays no active role."

Pol Pot, the Cambodian prime minister from April 1975 until January 1979, is widely believed responsible for the deaths of up to two million of Cambodia's seven million people.

Khieu Samphan, head of state between 1975 and 1979, refused to say how many guerrillas the Khmer Rouge now fielded—a figure generally put at 30,000. Neither would he say whether he consulted guerrilla leaders regularly.

But he did not deny that the Khmer Rouge had, in his own words, "forced women with guns at their heads to carry munitions across minefields."

Instead, he rhetorically asked reporters "how many French people, young and old, volunteered for the sacred defence of their country during its occupation" in World War II.

Khieu Samphan arrived from Thailand on Tuesday saying that he fully supported Prince Sihanouk's political plan based on the withdrawal of an estimated 90,000-120,000 Vietnamese troops from Cambodia, and the dismantling of the Vietnam-backed Phnom Penh government before elections.

Sources close to the prince said, however, that the two sides had little to discuss.

"These people murdered our families" a member of the prince's entourage said of the Khmer Rouge, "but they are backed by Beijing and we cannot desert China. Otherwise 60 million Vietnamese will swallow us."

**'Open Letter' to UN on SRV Violations**  
*BK1512063588 (Clandestine) Voice of Democratic*  
*Kampuchea in Cambodian 2330 GMT 14 Dec 88*

["Open Letter of the Cambodian People Inside the Country to the UN Secretary General and the United Nations on the Violations of Human Rights of the Hanoi Vietnamese Enemy Aggressors in Cambodia Through Their Race Extermination Policy"—dated 10 December]

[Text] We, the Cambodian people inside the country and victims of the most serious human rights violations of the Vietnamese aggressors, are greatly attracted to the 40th anniversary of the Universal Declaration of Human Rights.

On 8 December, the UN General Assembly solemnly marked this anniversary. Our Cambodian people would like to sincerely take part in this celebration and ask the UN secretary general and the United Nations to carry out all kinds of activities they are capable of to urge countries the world over, particularly the UN members, to have a complete understanding of the Universal Declaration of Human Rights.

We, the Cambodian people inside the country, for the past 10 years have most painfully suffered from all kinds of savage and barbarous human rights violations of the Vietnamese aggressor army. Throughout the past 10

years, the Vietnamese aggressors have inhumanly committed all kinds of great criminal acts against our Cambodian people. They have systematically implemented a five-point plan to exterminate the Cambodian race:

1. Through all kinds of weapons to fire on people and shell villages and gathering places where people celebrate or work, indiscriminately killing throngs of innocent people, old and young, male and female;
2. Through famine created by the Vietnamese aggressors by plundering rice and paddy and destroying production means, including draft animals, and by preventing people from getting out of their villages to earn a living;
3. Through toxic chemical weapons which Vietnamese agents stealthily put in water sources used daily by people, in vegetables, meat, and foodstuff sold in markets; through firing toxic shells on areas where people work for their living, and so on;
4. Through accusation, arrest, torture, or summary execution; and
5. Through rounding up millions of people throughout the country to build military structures and serve on the front line in the border area in western Cambodia, which is a hot battlefield and a malaria-infested zone. Many innocent Cambodian people have been killed, wounded, or maimed.

Apart from the five-point criminal plan, the Vietnamese enemy aggressors are busily carrying out new criminal maneuvers to quickly annex Cambodia:

1. The Vietnamese enemy aggressors have opened big and small schools in many places for Vietnamese aggressor soldiers in Cambodia and Vietnamese nationals brought in to settle in Cambodia to learn the Cambodian language, traditions, and customs; include them into the puppet army and the puppet administration; and deploy them in various areas to occupy Cambodia forever in accordance with their Indochinese Federation strategy.
2. The Vietnamese aggressor authorities are issuing papers changing the nationality of Vietnamese settling down in Cambodia into Cambodian so that these people possess legitimate rights to own land plundered and confiscated from the Cambodian people.
3. The Vietnamese aggressors continue to bring in great numbers of Vietnamese nationals to Cambodia. There are over 1 million of them now. In some places, the demographic composition has rapidly changed: Vietnamese outnumber Cambodians who are the country's owners.
4. The Vietnamese aggressors have chased the Cambodian people, owner of the country, out of their houses, villages, fields, and land—inherited generations ago—to live in new areas where land is barren and unsuitable for

cultivation, or in remote, hilly, and forested zones. Many of our Cambodian people become pathetic refugees in their own motherland and country. We have not yet talked about the hundreds of thousands of compatriots who have already fled abroad.

5. The Vietnamese enemy aggressors have set up the so-called Association of Patriotic Vietnamese Residents in Cambodia which is in charge of implementing the Indochinese Federation policy of annexing Cambodia openly and legitimately.

All the aforesaid aggressive activities of the Hanoi Vietnamese enemy aggressors are not just ordinary human rights violations the world has witnessed in various parts of the globe but are also criminal, savage, barbarous, brutal, and inhuman acts aimed at massacring and exterminating the Cambodian race. Vietnam, also a UN member, really does not care about human rights. The Vietnamese enemy aggressors have insolently trampled upon the universal declaration on human rights.

Thus, our Cambodian people—who are greatly suffering, being separated, and are dying most tragically everyday because of the unacceptable human rights violations of the Vietnamese aggressor and occupying army—would like to appeal to the UN secretary general and the United Nations to pay great attention to the aforementioned criminal acts of the Hanoi Vietnamese enemy aggressors daily being carried out against our innocent Cambodian people everywhere.

Our Cambodian people appeal to the UN secretary general and the United Nations to take every effective measure to check the Hanoi Vietnamese enemy aggressors' criminal and race exterminating acts so that these are not carried out at will. The best and most effective way is to pressure the Hanoi Vietnamese aggressors to unconditionally withdraw their army and aggressor forces from Cambodia in accordance with successive UN resolutions, that is forcing the Vietnamese to genuinely pull out according to a set timetable and program within the framework of a comprehensive agreement and under scrupulous international supervision and control.

[Dated] 10 December 1988

[Signed] The Cambodian people inside the country

### Laos

#### Joint Thai Military Committee Meets

BK1412155988 *Vientiane Domestic Service in Lao*  
1200 GMT 14 Dec 88

[Text] The meeting of the Lao and Thai joint military committee for the past 15 days was hosted by the Lao side at Mouang Phe village in Boten District of Sayaboury Province on 13 December. The Lao side was headed by Colonel Somboun Sisavat and the Thai side by Col Thawisak Khetsali. During the meeting, the two



sides informed each other of developments along the Lao-Thai border since their last meeting on 15 November. According to reports presented by the two sides, there was no major military-related incident except a few cases of illegal trade of contraband goods along the common border. The joint military committees of the two countries will find ways to eliminate such illegal trade activities. The two sides agreed that another meeting of this nature will be held in late December.

**Phoumi Vongvichit Sends Condolences to USSR**  
*BK1412110488 Vientiane KPL in English*  
0900 GMT 14 Dec 88

[Text] Vientiane, December 14 (KPL)—President of the Lao Front for National Construction Phoumi Vongvichit recently sent a telegram of sympathies to Valentina Tereskova, president of the Union of the Soviet Association for Friendship and Cultural Relations with Nations.

Phoumi Vongvichit, in his telegram, expressed profound grief over the grave earthquake in the Armenian SSR, the Azerbaijan SSR and the Georgian SSR of the USSR. He added that the quake had caused great damages to human lives and properties.

He further pointed out that this great disaster constituted deep sorrow not only to Soviet but Lao people as well.

"We would like to share the grief and express sympathies of the Lao people to the Soviet people, first of all to those in the disaster areas," concluded the telegram.

**Kaysone Phomvihan Greets Polish Anniversary**  
*BK1512110788 Vientiane KPL in English*  
0855 GMT 15 Dec 88

[Text] Vientiane, December 15 (KPL)—Kaysone Phomvihan, general secretary of the Lao People's Revolutionary Party Central Committee, on December 14 sent a telegram of greetings to Wojciech Jaruzelski, first secretary of the Polish United Workers' Party [PZPR] Central Committee, president of the State Council of the Polish People's Republic. The telegram reads:

"On the occasion of the 40th anniversary of the PZPR, on behalf of the LPRP CC, Lao working class and people, I would like to extend regards and best wishes to you and through you to the leadership of the PZPR, Polish working class and people."

The telegram highly valued the development in the Polish People's Republic, the contribution of Poland in strengthening the cohesion of the socialist community and in safeguarding peace and security in Europe and in the world.

Kaysone Phomvihan wished Poland success in the ongoing cause of socio-political and economic reform. He also wished the fraternal friendship, the firm solidarity and the all-round cooperation between the LPRP and the PZPR as well as between the states and peoples of Laos and Poland be developed and ramified.

**Philippines**

**Shevardnadze May Discuss Superpower Bases Pullout**  
*HK1512072488 Hong Kong AFP in English 0709 GMT*  
15 Dec 88

[Text] Manila, Dec 15 (AFP)—Soviet Foreign Minister Eduard Shevardnadze may take up Moscow's call for a superpower military pullout from Southeast Asia in talks with Philippine officials here next week, the Soviet Embassy in Manila said Thursday.

Alexandre Losyukov, the deputy chief of the Soviet Embassy here, said no formal agenda had been set for the meetings with President Corazon Aquino and Foreign Secretary Raul Manglapus during the minister's December 21-22 visit.

"I don't want you to leave this place with the impression that Minister Shevardnadze is bringing some political bombshell here which will be exploded," Mr. Losyukov replied when pressed for the possible focus of the visit.

But he said Soviet leader Mikhail Gorbachev's offer to withdraw Soviet forces stationed in Vietnam's Cam Ranh Bay in exchange for the dismantling of U.S. military bases in the Philippines may figure in the talks.

The Cambodian problem may also be discussed, he said.

Mr. Shevardnadze will be the highest-ranking Soviet official to visit the Philippines, where the U.S. has its largest group of overseas military bases, since Moscow and Manila established diplomatic relations in 1976.

Mr. Losyukov said the foreign minister's visit "is a clear manifestation of our interest in the affairs of the region" and an impetus to improved relations between the two countries, which Western diplomats see as lukewarm.

Mr. Manglapus, asked at a news conference Thursday about ties with the Soviet Union, said, "it started cold and it's warming up."

Mr. Losyukov described the relations as friendly but with much room for expansion, particularly in trade, where Manila held a 13-million dollar surplus out of the two country's total 40 million dollars in trade last year.

In contrast, Philippine trade with the United States, which ruled these islands in the first half of the century, totalled 3.57 billion dollars in 1987, with Manila enjoying a surplus of 585 million dollars.

Mr. Losyukov said there were only 35 Soviet Embassy officials and staff members in Manila—about 100 Soviets counting spouses and children—but there were “no immediate plans to expand this mission.”

Philippine diplomats and lawmakers have been calling for expanded relations with the Eastern bloc amid strains in ties with the United States.

Manila and Washington signed an agreement in October governing Clark Air Base and Subic Naval Base until 1991, but failed to resolve the question of their long-term future.

A growing number of Filipinos are demanding an end to the U.S. military presence but surveys consistently show that a majority of the population still favoured keeping the bases.

**France Signs Cultural, Technical Pact**  
*HK1512052188 Manila BUSINESS WORLD*  
*in English 15 Dec 88 p 10*

[Text] A memorandum of understanding on cultural, technical and scientific cooperation was signed yesterday between the Philippines and France.

Headed by Samuel de Beauvais, deputy director of the Office of Culture, Science and Technology, a French commission has been threshing out these past three days the areas for cooperative activities. These will include:

- A joint research program and the supply of materials for the early detection of acquired immunity deficiency syndrome (AIDS) which will be implemented by the Department of Health during the visit of Dr. Luc Montaignie in January next year;
- Proposals for technical assistance in the Department of Environment and Natural Resources' projects for satellite-aided geological resources assessment and a mineral resource development plan for Mindanao;
- A project proposal from the Office of Energy Affairs on the non-power applications of geothermal effluents; and,
- Other project proposals in agricultural development and natural resource management.

**Aquino's Approval Needed for Abadilla's Release**  
*HK1512015188 Manila Far East Broadcasting Company in English 2300 GMT 14 Dec 88*

[Text] Former PC Colonel Rolando Abadilla, who was acquitted Tuesday on rebellion charges, cannot be released from military detention until after President Aquino approves the decision of the court martial. Justice Secretary Sedfrey Ordonez said the acquittal would have to be reviewed by Mrs Aquino in her capacity as commander in chief. For his part, Local

Governments Secretary Luis Santos also said Abadilla cannot assume his post as Ilocos Norte vice governor until the review of the decision is over.

Meanwhile, President Aquino said she has referred the issue of Abadilla's acquittal to her legal advisers for study.

**Defense Department Disagrees**  
*HK1512052788 Manila THE MANILA CHRONICLE*  
*in English 15 Dec 88 pp 1,*

[Text] Malacanang and the defense department differed yesterday on the fate of former Constabulary Col. Rolando Abadilla after he was cleared by a military court of sedition and mutiny charges in connection with a January 1987 coup attempt against President Aquino.

Defense Secretary Fidel Ramos said the Armed Forces had no options but to release Abadilla since his case could no longer be reviewed as provided for in the manual of court-martial.

As the person who created the military court, Armed Forces Chief of Staff Gen. Renato de Villa will have to issue the implementing order for the release of Abadilla after he was acquitted of the charges, Ramos said.

Ramos' opinion contradicted that of Justice Secretary Sedfrey Ordonez who said that Abadilla's acquittal had to be reviewed by the President.

Mrs. Aquino herself told newsmen that as of yesterday, Malacanang's legal advisers were still studying the case of Abadilla.

“We have not yet received a copy of the decision of the military commission,” Mrs. Aquino said. “I will wait for my legal advisers to make the recommendations.”

Ordonez explained that unlike the procedures in civil courts where an acquittal is considered final and executive, decision of the military commission is still subject to presidential review.

“The rules under a court martial state that a judgment of acquittal becomes final only when upheld by the commander-in-chief,” Ordonez said.

He said Abadilla would be released from detention and allowed to assume his seat as vice governor of Ilocos Norte only after the President approved the decision of the military court.

Later yesterday afternoon, Mrs. Aquino hinted in a statement relayed by Press Secretary Teodoro Benigno, that she was willing to let Abadilla take his elective seat.

“As I have said before, I will work with any official who has the interests of his constituents and the nation at heart,” the President said.

Mrs. Aquino was reacting to the statement by Abadilla that he was eager to return to Ilocos Norte to perform his duties as vice governor.

Abadilla was elected during the local elections last January but remained in detention at Fort Bonifacio while his case was being heard.

A military court headed by Brig. Gen. Buenaventura Tabo cleared Abadilla Tuesday of involvement in the military takeover of GMA-7 television station in January 1987.

He was detained for almost 17 months after he was captured by government troops inside his trucking firm in Quezon City in July last year.

Abadilla, who was chief of the Metrocom [Metropolitan Command] intelligence and Security Group, was also implicated in other destabilization attempts against the Aquino government but was cleared by two civilian courts early this year of charges of illegal possession of firearms.

**De Villa Comments on Human Rights, Insurgency**  
*HK1412124388 Quezon City GMA 7 Radio-Television Arts Network in English 1430 GMT 13 Dec 88*

[Public affairs program "Viewpoint," hosted by Ricardo Puno, with guests Armed Forces of the Philippines Chief of Staff General Renato de Villa, political science professor Dr Carolina Hernandez, Manuel Guzman of the Task Force Detainees of the Philippines, and Mrs Gladys Baula, widow of slain Lieutenant Colonel Francisco Baula Jr—live]

[Excerpts] [Passage omitted] [Puno] Let's expand the discussion somewhat to the other human rights cases. General, as you know, there have been a lot of conflicting statements regarding the human rights records, particularly of the military. I know that you have, in one conference, stated that your counts of the human rights violations show that there are more human rights against the military—according to you—than against civilians or against nonmilitary personnel.

Let me ask Mr Guzman, first of all. Now, in terms of that, what is the experience of Task Force Detainees? What are your specific problems with the military at the moment?

[Guzman] Let me take off from the Baula case. I'm not too sure that case was transferred to a civilian court. But in many cases where those accused of having committed violations against civilians are members of the Armed Forces—in most cases, the cases are tried under military tribunals, and that is one problem which we see could be an impediment to justice to the victim.

One case which we can cite is the case of Father Rudy Romano, who was abducted in 1985 in Cebu, and the abductors were identified by a witness. But the case was tried under a military tribunal, and the two suspected abductors were acquitted later. In fact, the Redemptorist Fathers have withdrawn from the proceedings of the case because of what they perceived as biases during the actual conduct of the hearings. So, that is one which we see.

Another is the harassment of human rights workers themselves. One recent instance was the arrest of 17 members of a fact-finding team sent to Cagayan, I guess, in the third week of November. The PC company stationed in that area took in the 17 members and detained them for almost 2 days. This again is a sort of harassment, I guess.

[Puno] Okay. What about those particular situations, Gen de Villa? Harassment and the military tribunal—apparently, there is no confidence that they can mete justice out.

[De Villa] First of all, Dong [refers to host Puno], I'd like to point out so that the public will understand that the military, as a matter of policy, is committed to respect for human rights. And well, there are more than 100,000 of us. Reports do come in every now and then. But the point of the matter is that we are with government. We are with our citizenry in seeing to it that the principle of human rights is respected in this country and as a matter of policy, we are with that principle.

However, the case of Father Romano, if I may recall, is...I think this was before the revolution, and the military tribunals that we are talking about here are no longer around. The cases that are being tried by our own general court martial are still pursuant to existing laws. But under the existing laws, the president may waive the trial by a military court on any case, as she has done in the case of ex-Lieutenant Baula. She has waived this and this goes to a civilian court. And in other sensitive cases, we normally do not object to any withdrawal of jurisdiction by military courts.

[Puno] What about harassment? This so-called harassment issue.

[De Villa] The case of the one in Cagayan, I'm not sure if we got our facts right, but I did have this matter checked out by the regional commander of the Cagayan Valley-Region 2, and as far as I can recall, they did ask these people to come to the station for identification, to find out what is their mission in that area. And I do believe that none of them were hurt, none of them were interrogated or treated as a criminal, except for the fact that they were asked—many of them are from Manila—what they are doing there and etc, etc. This is an insurgent country, and it is but natural and normal for police agencies to check out new faces in any one area.



[Puno] What about these cases of disappearances? There are a lot of people that are coming out and saying that there are a lot of people disappearing, I mean, for instance in the video report, they talk about the case of Mr Benjie Lazaro, and there are others also.

[De Villa] The problem with the disappearances that we are having in these particular situations, Dong, is that once a person disappears, the automatic assumption by the aggrieved party as well as those who want to emphasize the issue, is that the military has something to do with it. Now, is that a fair assumption?

[Puno] Well, probably not. But what is the basis, Mr Guzman, because I understand that some of the human rights organizations do make a connection between the disappearances and the military.

[Guzman] Well, in many cases there are reasonable grounds to believe that the military might have been connected in one way or another. In some cases, the victims had been receiving threats, and also, let me point out that the reason that we bring out these cases of disappearances are not just to indict the military but also to raise the point that the government has the responsibility of protecting its citizens. It may not be that the perpetrators themselves are members of the military, but then we also would like to see the hand of government in investigations. But let me cite one example which may substantiate the many assumptions why in many ways the military is connected.

In one area in Zamboanga del Sur, a certain Mr Pati was missing in the middle of this year. His relatives went to the camp—it was the 33d Infantry Battalion in Zamboanga del Sur—and the camp authorities denied having taken him into custody. But then for some reason or another the company was transferred, I guess, to Lanao, and then a new company, the 55th Infantry Battalion, replaced them, and this time the authorities allowed the relatives to search the ground and the body was discovered buried in a grave within the compound.

[Puno] So, that would be an indication. But what about the case? Is that being investigated further?

[Guzman] Well, the family has retrieved the body, and as far as I know, they have rested the case.

[Puno] I guess the problem, Gen de Villa, is image, and you know, as we say earlier, I mean, it is true that a lot of it are suspicions. Probably, you don't have any direct evidence to show that the military is responsible. But for some reason, the connection is drawn. Why do you think that is the case?

[De Villa] Well, I think, we came from a regime of martial law. And under that regime, the openness and the transparency with which government is now administered were not there. And there were many, many instances wherein the victims themselves come out alive and as the [word indistinct] testify during those times...

[Puno, interrupting] What did the military do about this?

[De Villa] We have been working very closely with the Commission on Human Rights. We even have an agreement with the FLAG [Free Legal Assistance Group], the lawyers' group about these. And very recently, in a conference in Malacanang, we have agreed to improve the monitoring system and a more expeditious verification system. And I am open to everybody, that the military can immediately be verified, and I committed to all of those who were present that at anytime anyone disappears and the suspicion lies in any unit within the military organization, we will make the unit and all its facilities available. [passage omitted]

[Puno] Okay. In the next segment that I'd like to go to also—Dr Hernandez can help me here—is the question of the insurgency itself. The news about the Quezon offensive, for example, has given some people an indication. Perhaps the military might be actually more on the offensive these days. But is that real or is there also an indication that maybe, you know, are we winning or are we losing the war? The same old question.

[Puno] Dr Hernandez, let me ask you this. You know, despite all the efforts, I guess, of the AFP [Armed Forces of the Philippines] to be open, Amnesty International did come out with the finding that allegedly the human rights violations that occurred after the February revolution are more now. And Human Rights Watch, another group, is also coming to roughly the same conclusion.

Do you think this is necessarily inconsistent with what Gen de Villa said about this openness policy or that is proof that there is in fact this openness policy?

[Dr Hernandez] Well, they may be open. The Armed Forces and the government may both be open in prosecuting human rights violators and so on, but the alleged rise in the number of human rights violations in this country may not be directly linked to that. I mean, you know, you can be committed, but if at the grass-roots level, people are not really being diligent in observing the rules and regulations to which this government has committed itself, then you can expect an increase in human rights violations.

But let's not also forget—though I'm not defending the government in this issue, but I just want to be fair—and I feel that because there was no transparency in the former government, it is just possible that the scale of human rights violations is something that we cannot really pin down at this point. But maybe because of the

greater transparency of this government, we're able to document many more, you know, as alleged by these international human rights organizations.

[Puno] General, why do you say that your research reveals that there are more rights violations, human rights violations, against soldiers than against nonsoldiers? I think you did make that comment.

[De Villa] Yes. Because by our records and by the documents that we have in our possession, it does show that in this insurgency environment that we are living in now, especially in the rural areas, the insurgents have taken the law into their own hands and they just kill people at will. And they pick up people, execute them, and kill them at will. They even kill their own people. In Misamis Occidental alone, in Misamis Oriental alone, we have discovered more than 800 bodies. Survivors of the effort of the CPP [Communist Party of the Philippines]-NPA in that area because of their Operation Zombie [refers to CPP campaign to weed out suspected government infiltrators within the communist movement] have testified that this mass grave that we have discovered were graves of suspects and victims of massacres conducted by the CPP-NPA. And the list of civilians in our hand whose families have complained that their husbands, their brothers have been abducted and summarily killed by the CPP-NPA in the countryside is tremendous. And the documented complaints, all of which was started only last year, which the CIS [Criminal Investigation Service] began filing with the Human Rights Commission, have gone to more than 400 already.

[Puno] Mr Guzman, does your group or the people that believe with you also look into that other side of the issue? The human rights violations against military men?

[Guzman] If we go by the standards of international law, these actions are considered as already covered by the penal codes of every country and should be looked into as acts of crimes for which those who committed such acts can be apprehended, then they can be tried and sentenced accordingly.

In our case, our focus or stress is the conduct of law enforcement agents so as to check possible abuses. I believe this is just a small part of the broad arena of human rights, but I guess, in our own ways, perhaps, we can contribute to improving the systems in our country. [passage omitted]

[Puno] Let's talk about insurgency because I saw some reports recently which seem to indicate the following: There are reports that the strength, for example, of the NPA as of June this year was figured at something like 25,800. And then in October of this year, there seems to have been a drop. The military reports indicated there are now 24,430. In terms of influenced barangays—I gathered by that, the definition is that there is a presence in that particular barangay of the NPA...

[De Villa, interrupting] They have a political cell that controls the barangay in so far as leadership is concerned and about half of the barangay members are sympathetic.

[Puno] Of that, June 88 of this year, according to this report, 3,106, and in October of this year, 2,902—again a lessening. Now, let me ask you, Gen de Villa, does this indicate—and I think it was even you or Gen Ramos that said that 1988 might be remembered as the year that this thing turned around. Can you now safely say, with authority, that this has actually turned around? The insurgency has reached its peak and is now turning around?

[De Villa] Based only on the facts and on the figures that are available at this time, we have seen that the growth of the insurgency or the growth of the CPP-NPA has begun to decline and their influence in the so-called influenced barangays, as we have categorized them, have also begun to decline.

In all indicators that we are using in our campaign to rid this country of armed insurgents, because that's our job, we have for the first time in many years, seen very, very positive indicators of the decline of the insurgents. For instance, the government forces now in the field are initiating engagements with the armed insurgents on a 2:1 ratio. The fatality ratio in combat has gone very much higher in favor of the Armed Forces now.

For the first time in 18 years, we have a positive gain in the so-called, we call this the firearms exchange because they get firearms and we capture firearms back from them. And we have a positive gain this year.

When we survey the provinces, in many provinces, the CPP-NPA has severely lost mass following. These are all, to our minds, positive indications that the insurgent influence in the Philippines is beginning to decline.

[Puno] To what do you attribute this? Why, why do you think it is happening?

[De Villa] First, I think is the fact that the people themselves, especially the people in the countryside—the small businessman, the entrepreneurs, and the ordinary, even the ordinary sari-sari store [small store] owners in the countryside are already fed up with the intimidation, the coercion and the illegal extraction or extortion being done by the CPP-NPA to finance their movement.

Secondly, I think they have begun to realize that they are being deceived in the sense that they are being promised so many things but in the end, they know that eventually it will be a communist dictatorship that will arise as a form of government in this country should they win.

And thirdly, I think there is a much closer cooperation now among the agencies of government and a much greater support on the part of the population, in general, to their Armed Forces.

[Puno] Dr Hernandez, do you agree with his assessment?

[Hernandez] Well, it unsettles me when we talk about body counts, number of arms captured and things like. These are the usual military measures in determining whether we have reversed the insurgency or not. But as a concerned citizen, I feel that in a case like this, there are really no winners. I mean, we are all losers in the end. And the longer the war goes, the more victims we are going to have and the more polarized we will become. And then what are we really going to do for the people that the insurgents and the Armed Forces swear they are all behind, you know, I mean, their efforts are for the people. So, I think that what we want to say is that there's a growing peace constituency in this country, concerned civilians who would like to appeal to both, to all combatants to please come to terms with the reality that the longer the war goes, the more victims will suffer. And in effect, it is the country which suffers. We will lag behind in development and...

[De Villa, interrupting] I would like to correct the perception, if I may, of Dr Hernandez. While we are in combat, because we are an Armed Forces, we do not measure our success or failure in the number of kill ratios and fatalities. The most important parameter that we are using is the reduction of the number of barangays and the segment of our population that have been removed from communist influence. Because that is where the real fight is.

[Puno] Now, I guess also the question is: There is in fact an insurgency going on, and I think as proven in the last peace talk in 1986, the problem is that there is probably no meeting of the minds even on the basic parameter of what you are talking about. On the terms of reference, because one side is certainly not going to give up its arms. And that has been made very, very clear in previous talks. So, how do you confront a situation like that? Of course, emotionally, we all wish that they come to terms and talk peace and lay down their arms. But will it happen?

[Dr Hernandez] Well, there are some creative suggestions that are coming out of this conference [refers to international conference on conflict resolution in Manila] that is currently going on. One of these is that there are certain areas that might be ready to be declared as peace zones, that all armed combatants are going to go away because the people say we don't want to be caught in the cross fire of your conflict. If you want to carry on the war, do it elsewhere, but leave us alone because we want to carry on with the business of living and sorting out our problems. So, we will call on the government to help and we expect the services to be delivered, something like that.

[Puno] How does that differ from a cease-fire zone or something like that.

[Hernandez] Well, a cease-fire zone is something that is a product of negotiations on both sides, but this peace zone that we are thinking about is something that comes from the people. The people themselves demanding that they don't want to be involved in this conflict anymore and for the armed combatants to get out so that they can get on with development, internal development, and things like that.

[Puno] Where do you think something like this could work?

[Hernandez] According to some of the participants, they are already working in Naga. There are also peace zones in Sagada, in Samar even, and in certain parts of Mindanao. And for example, Sagada used to be an NPA-controlled or influenced territory. But now, people said no to the NPA but also no to the military because of certain misbehaviors that they have experienced in the past. So, we feel that the cease-fire talks can perhaps be considered. Of course, the term of references are different, like the one wants to talk within the framework of the Constitution. The other rejects the constitution. But if they are both pro-people as they alleged, and the people are demanding: Okay why don't you come together on the table and start discussing and, you know, sort of to stop all the military operations in the meantime. And, also, some areas that are ready to be declared as peace zones, you try to experiment on this. Maybe somehow, the national level and the local level can meet at some point and this can spill over. We must remain hopeful or else.

[Puno] So, the idea of peace zones, Gen de Villa, do you agree with that?

[De Villa] We are studying it, but based on our experience in 1986, 1987, it is fraught with danger to accept a peace on offer from any quarter. But I'd like to point out that the discussion as brought out by Dr Hernandez limits the insurgency to the guerilla war that's going on. I do believe that everybody knows by now that there is a bigger war than the shooting war.

[Puno] Which is?

[De Villa] And that is the war for the heart and minds of our people. What is going on now in our country is a classic communist bread revolution, so-called for it partakes of a political and economic and psychosocial as well as a military aspect. And when you talk of peace zone, you are trying to isolate the military conflict, which is only a very small portion of the total insurgency that we are being confronted.

[Puno] Even outside the zone, there is still a struggle going on?



[De Villa] Even in our media, the campaign on both sides is going on.

[Puno] We have a few more minutes and I would like to just say something about the CAFGU [Citizens Armed Forces Geographical Units]. These are reservists that you want to turn into some kind of armed units. What is the reason behind them? What's the purpose behind them?

[De Villa] The purpose behind this, Dong, is there are numerous communities all over the Philippines, barangays and towns, who need and are asking for protection. It is the duty of the government, specifically the Armed Forces of the Philippines, to provide them security and protection.

[Puno] Cannot the military do that?

[De Villa] If we do that, Dong, you are going to spread the military all over the place in small units, in small numbers, and you will turn the military into a security guard force. And this is exactly what Mr Jose Maria Sison said in his book that if we spread the military far and wide and thin, then the military will cease to be effective as a military organization.

[Puno] The objection is that this might be, you might see a return of some of the abuses of the CHDF as it is sometimes alleged.

[De Villa] We do not deny, Dong, that the CHDF experience has shown us that people who are given authority and arms can sometimes go beyond the limit and commit some abuses. But we believe we have taken sufficient safeguards to control these. First, in contrast to the CHDF, the members of the CAFGU's active auxiliary are considered members of the Armed Forces and, therefore, they are subject to military laws, rules and regulations.

Number two, none of them can qualify for membership and be called for duty unless they have satisfied the basic military training that is prescribed. This is almost the same and identical, almost identical with that being undergone by our soldier-recruits in the regular force.

Thirdly, they are selected in consultation with peace and order councils. Therefore, the peace and order councils of every city or municipality will act as some kind of a watchdog over them.

[Puno] On that note we're going to have to end, Gen de Villa. The time really passed very, very quickly, but we went through a lot of questions, and I hope we have enlightened our people on some of the aspects of the current military situation.

Thank you very much again for being with us this evening. Thank you Dr Hernandez. Thank you Mr Guzman for sharing some of your insights with us.

Thank you, ladies and gentlemen, for at least staying with us on this late, late hour, and we hope you join us again next week for another session of Viewpoint. Thank you and good night.

**PC Files 88 Human Rights Cases Against NPA**  
*HK1512054188 Manila Manila Bulletin in English*  
15 Dec 88 pp 1, 15

[By Owen Masaganda]

[Text] The PC Criminal Investigation Service (CIS) filed yesterday 88 cases before the Commission on Human Rights (CHR) against the Communist Party of the Philippines (CPP) and its military arm, the New People's Army (NPA), for alleged violation of human rights.

Col. Evaristo G. Carino, CIS chief, assisted by Col. Santiago C. King, Constabulary Judge Advocate, said in his complaint that among the cases filed yesterday was the murder of 16 persons in Cebu.

Accused of the killing of Anastacio Senario and 15 others in Magealape, Asturias, Cebu, last Nov. 22 was Adriamo Serad, a suspected NPA commander.

So far, a total of 395 cases have been filed involving 1,226 victims, composed of provincial, city, town and barangay officials, soldiers, policemen, and militiamen.

In his report to Maj. Gen. Ramon E. Mariano, PC chief and INP director-general, Carino said that more cases will be filed in January.

Most of the new cases will be evaluated by the office of King, Carino said.

The 88 cases filed by the CIS yesterday were for murder, arson, robbery-in-band, and kidnaping. Central Luzon had the most number of cases (145) filed before the CHR, followed by Central Visayas 63, and Bicol region, 62.

Quezon had 81 cases; Batangas and Occidental Mindoro, 22; Laguna, 17, and Oriental Mindoro, three. Albay had 27, followed by Sorsogon, 18; Camarines Sur, 11; Camarines Norte, five, and Masbate, one.

Twelve regional offices of the CHR received the complaints against soldiers, policemen, and NPA rebels.

The CHR said that there is a slow down in the filing of cases against the military in its regional offices.

The CHR said that lack of funds hampers the work of investigators in getting the affidavits of witnesses, especially in rebel-infested areas.

The annual budget for the CHR is only P [pesos] 43 million. About P15 million more is needed, the CHR said.

Meanwhile, Montano ordered King to assess the officers of the Southern Luzon Command Judge Advocate General's Office (JAGO) during a hearing on alleged human rights violations led by Sen. Wigberto Tanada and Rep. Oscar F. Santos on Saturday.

Tanada and a group of human rights lawyer will conduct the investigation on civilians' complaints for alleged violation of human rights committed by the military.

**Aquino Rejects IMF Loan Terms for Assistance**  
*HK1512053788 Manila PHILIPPINE DAILY INQUIRER in English 15 Dec 88 pp 1, 7*

[By C.M. Espino]

[Text] President Aquino rejected yesterday a condition set by the International Monetary Fund to limit the country's growth rate to 6.5 percent in exchange for additional financial assistance.

It was the President's first declaration of the government's position on the IMF demand. She said national economic recovery and the Filipino people's interests should take precedence in the payment of the country's foreign debt.

"It is important for all of us that we position our country for growth and not allow anybody to prevent us from attaining that growth," Ms. Aquino told the yearend meeting yesterday of the National Economic and Development Authority (NEDA) Board.

She told the board, whose members are also in her Cabinet, that while her administration has been honoring all its commitments, "we will not allow the Filipino people to suffer just because we have to honor our debt."

Ms. Aquino's pronouncements come shortly after the Philippines was cited by the World Bank as having one of the best economic performances worldwide since last year.

Economic Planning Secretary Solita Monsod presented to President Aquino a copy of the Country Economic Memorandum prepared by the World Bank showing this assessment.

Monsod said the document will have to remain confidential until the government has responded to the report. But she read a portion of the report stating: "The (Philippine) economy has staged a remarkable recovery," and that "the (Philippine) government needs to be given maximum credit for undertaking a series of difficult reforms in recent years."

Also during yesterday's NEDA board meeting:

—Ms Aquino cited an 8.5-percent real growth in the country's gross national product (GNP) during the third quarter of 1988. GNP is the total value of all goods and services during a given period.

—The executive department expressed concern that a substantial reduction in the proposed national budget for next year may snag the momentum of economic growth.

The President said the government will maintain its position against the IMF demand that the Philippines limit GNP rate to 6.5 percent.

The country has posted a 7.54 percent real growth rate from January to September this year, surpassing its target of 6.5 percent for the year.

The government is seeking a three-year, \$900-million facility plus \$400 million in contingency funds, but is rejecting IMF prescriptions to trim its budget by P17 billion or \$80 million to reduce the huge deficit.

The IMF has insisted that the Philippines revise its economic program because it found some of the assumptions "unrealistic."

Monsod said the country can survive by keeping a high level of investments and low interest rates, but the IMF argued that the Philippines had no control over the flow of foreign investments and foreign interest rates.

Finance Secretary Vicente Jayme and Central Bank Gov. Jose Fernandez, the country's representatives in the debt talks, have remained in favor of the IMF demand.

Yesterday, however, Press Secretary Teodoro Benigno quoted Jayme as saying during the NEDA board meeting that the 6.5 percent GNP level is already a "non-subject" as far as negotiations are concerned. He did not elaborate.

The IMF talks were stalled last October because of an impasse over the preconditions of the IMF, generally aimed at limiting expenditures to divert more money to debt repayment.

Officials said the negotiations will resume either late this month or early January.

Ms Aquino welcomed the World Bank report and said the entire nation deserves a share of the credit in the country's economic performance.

"I think it is time to congratulate ourselves," she was reported as saying.

Monsod said in a response to a question that the World Bank report on the state of Philippine economy, when released, should be an automatic endorsement to international creditors.

"There is no question about it (credit) and we should milk this to the last drop," she said.

Monsod said that the document dated Oct. 31, 1988, was based only on the first and second quarters of 1988 when GNP rate stood at 7.1 percent.

The country's targeted GNP rate for this year is 6.4 percent. Monsod said the 8.5 percent level achieved in the third quarter of this year was not even taken into account by the report.

Monsod said the Philippines exceeded its growth targets for this year as early as last September.

Private consumption stood at 5.6 percent as of the third quarter, exceeding the 4.0 percent target, while government consumption was 12.7 as against the targeted 12.3.

Total investments growth was at 31.5 percent while the large is only 28.2 percent.

Monsod said, however, that the figures may yet turn out to be lower once the October-November statistics come in. She said it was during this period when typhoons hit the country and adversely affected economic activity.

Monsod told a press briefing in the afternoon that the targets for next year may be seriously hampered by a substantial reduction in the proposed 1989 national budget.

She said the P [peso] 228.5 billion budget was conceived by the executive department having in mind the smallest economic activities in the countryside.

The Senate has threatened to cut the proposed budget by as much as P24 billion.

#### **Talk Postponement Likely**

HK1512040388 Quezon City Radyo ng Bayan  
in Tagalog 0400 GMT 15 Dec 88

[All figures as heard]

[Text] The resumption of talks between the government and the IMF is likely to be postponed until January next year. Economic Planning Secretary Solita Monsod said earlier she expected the negotiations for the \$1.8 billion package to resume tomorrow. She did not give any reason for the apparent change in the schedule. The government is seeking a 3-year \$900 million facility plus \$400 million in contingency funds. Monsod says that investors in infrastructure and other government activities are needed to sustain economic recovery, and she warned that the stalled talks with the IMF would mean the lowering of growth targets.

#### **Senate Approves Smaller Budget for 1989**

HK1412141988 Manila Radio Veritas in Tagalog  
1200 GMT 14 Dec 88

[Text] The Senate set the 1989 national budget at P [pesos] 224.1 billion when it approved the general appropriations bill on the third reading here tonight.

[Begin Guingona recording in English] Thirteen affirmative votes, no negative votes, no abstentions. House Bill 19186 is approved on third reading. [bangs gavel] [applause] [end recording]

That was Senator Teofisto Guingona.

It appears that the Senate has shaved off P4.4 billion from the original P228.5 billion program budget that was approved by the House of Representatives on 29 October. The reductions were taken off the proposed allocations for maintenance and other operating expenses that originally amounted to P108.8 million. Budgetary items affected by the cutbacks are the following:

CAFGU [Citizens Armed Forces Geographical Units], from P584 million to P332.8 million;

Purchase of 18 units of F-211 planes, from P166.3 million to P88 million;

Financial assistance to government corporations, from P764 million to P564 million;

Contingency funds for the president of the Philippines, from P500 million to P215 million;

Department of Agriculture and Food, from P4.32 billion to P4.08 billion;

Department of Public Works and Highways, from P2.8 billion to P2.7 billion.

According to Senate Finance Committee Chairman Nep-tali Gonzalez, the reductions were made to trim an expected budgetary deficit estimated at P20 billion. Gonzales added that projected government revenues for the coming year are placed at only P146.9 billion.

This budget proposal will be brought before the bicam-eral conference committee, which will try to iron out differences and come up with a compromise budget proposal based on the Senate and House versions. The conference committee is expected to arrive at a compro-mise and final version that will be adopted by both chambers of Congress during their final session for the year.

[Begin Mercado recording in English in progress] ...that a Senate conference committee be constituted to meet with its counterparts in the House to work out common provisions of the Senate and House versions of House



Bill 19186. On this connection, I move that the following senators be designated to compose said committee: Senators Gonzales, Maceda, Romulo, Pimentel, and Enrile. [end recording]

That was Senate Majority Floorleader Orlando Mercado.

Meanwhile, the allocation of P97.7 billion for debt servicing was left untouched, because a proposed resolution seeking to delete a provision on automatic appropriations for debt servicing as embodied in the Budget Reform Decree of 1977 has not yet been acted upon. Senator Alberto Romulo said that once Senate Resolution Number 144 amending the Budget Reform Decree of 1977 is approved, the Congress will bring up the issue of debt servicing again.

The Senate also trimmed P6 billion from the arms program budget originally set at P12.5 billion.

It also adopted a resolution instructing the Senate's representatives to the Conference Committee not to approve any changes in the new budget proposal.

[Begin recording in English] [Osmena] The resolution is to instruct the conferees to sustain the amount or cuts of the amount that was approved in the Senate. Which means, to instruct the conferees not to agree to an increase above P323 million. That is the motion.

[Guingona] The resolution is approved. [bangs gavel] [end recording]

This is Judith Rueras reporting live from the Senate.

**Ramos Warns Against Military Budget Cuts**  
HK1512054388 Manila PHILIPPINE DAILY  
GLOBE in English 15 Dec 88 p 6

[By staff writer Dionisio Pelayo]

[Text] Defense Secretary Fidel V. Ramos said yesterday cuts in the proposed Fiscal 1989 budget for the military would derail the campaign against communist insurgents and Muslim separatists.

In a press conference, Ramos said cuts in the military budget "would also be a big blow for local government executives who are in the frontline of the drive against rebels."

Referring to legislators who are proposing cuts in the DND-AFP [Department of National Defense-Armed Forces of the Philippines] budget, Ramos said "as responsible national leaders should we allow this (demoralization of local executives) to happen?"

So far, the Senate has cut some P [pesos] 98 million from the proposed P22-billion outlays for the department and the military.

"The effect of this would be to derail our program of effectively reducing or neutralizing the insurgency within the time frame set by President Aquino and our own deadline which is three years," Ramos said.

"I do not think we should allow our people to be subjected to further threats from both communist rebels and Muslim secessionists," Ramos said.

"If we fail to fill the needs of our fighting units in the field, we will again fall into the protracted war situation," Ramos warned.

The proposed P28.9 billion 1989 budget, Ramos said, should be looked at in its entirety and was balanced to fill the needs of various government agencies to eradicate poverty, maintain peace and order, promote economic development and create jobs.

At the same time, Ramos said the DND-AFP-INP proposed legislation for the creation of the Philippine National Police was the one certified by the President and the Cabinet to Congress.

Reacting to a statement by Rep. Rodrigo Gutang (LDP [Laban ng Demokratikong Pilipino—Struggle of Philippine Democrats], N. Cotabato) that Ramos and PC-INP chief Maj. Gen. Ramon E. Montano were bulldozing him into supporting the administration certified bill, Ramos said: "There is not intention on our part to pressure or bulldoze him."

Gutang sponsored another bill on the creation of the PNP [Philippine National Police], which is radically different from the bill certified by President Aquino.

"All we did was call the attention of Majority Floor Leader Francisco Sumulong on the differences between the Gutang bill and the one certified by President Aquino.

"I hope Rep. Gutang was misquoted by newspapers which said that he claimed that his bill was the one certified by President Aquino.

"I do not think the President will certify two bills to accomplish the same purpose," Ramos said.

Under the Gutang bill, not only the PC and the INP would be transferred to the PNP but also the Philippine Air Force Security Command, the AFP Narcotics Command and the Philippine Coast Guard.

Ramos said the AFP cannot afford to lose units now because of the campaign against insurgents.

## Thailand

### Chawalit Elaborates on Talks in Burma

BK1512011588 Bangkok BANGKOK POST in English  
15 Dec 88 pp 1, 3

[Text] Army Chief Gen Chawalit Yongchaiyut said yesterday he had urged the Burmese Government to stop fighting with rebel minority groups and allow them to join in the political process.

The army chief also said he had suggested that after both sides lay down their arms, the rebels should be allowed to set up their own political parties and field candidates in the impending general elections.

Gen Chawalit made the comment yesterday after returning from a one-day visit to Rangoon.

The army chief, accompanied by a 29-man delegation and a throng of reporters, arrived at Rangoon Airport at about 9.00 a.m. and was welcomed by Burmese leader Gen Saw Maung and his delegation.

Both military leaders embraced each other before reviewing the honour guard.

Gen Chawalit's visit is the first by a senior foreign official following the violent student-led demonstrations in August and September in which hundreds of demonstrators were killed.

Gen Saw Maung grabbed power in a coup d'etat on September 18.

Elaborating on their talks on the minority problem, Gen Chawalit said Gen Saw Maung had repeatedly stated during his visit the desire to change the Burmese political system into a democratic one.

Gen Chawalit said he suggested that during this "transitional period," Thailand and Burma should try to solve the minority problem.

"In fact Gen Saw Maung and the Burmese people do not give much importance to the Burmese minority groups. It's only a small percentage of threat. The main threat is the BCP (Burma Communist Party)," he said.

"They (the Burmese military leaders) agreed that the problem should be solved," Gen Chawalit said.

The army chief told Gen Saw Maung that since he wants to change the political system in his country, perhaps it is time to stop fighting.

"I suggested an end to the fighting and allowing the minorities to have a chance to participate in the building of their nation and their democracy," he said.

Gen Chawalit said the Burmese authorities should "guarantee that these minorities will become first class citizens with the right to participate in politics."

He said that if this could be achieved Thailand would no longer be affected by the border fighting between Burmese troops and the minorities.

Gen Chawalit said if the minority problem is solved, the Burmese authorities would not have to wonder what the Thai position on the minorities is.

At the same time, the Thai authorities would not have to be concerned about the border problem and monitor the movements of the rebels.

Gen Chawalit did not state clearly how Gen Saw Maung reacted to his suggestions.

Burmese delegation members told reporters in Rangoon, however, that before an election can be held, an election law needs to be drafted and approved by the political parties which are currently in the stage of registration.

Gen Saw Maung said that so far there are 164 political parties in Burma. Burmese officials said that an independent election commission had been set up to draft the election law.

The Burmese officials stressed that the elections would "definitely be held."

Queried by some of the 48 journalists who accompanied Gen Chawalit, Gen Saw Maung said his government has made progress towards holding the promised elections.

Before polls could be held, transport and food supplies must be improved and an election law passed, he said.

"After that, when an election date will be set will depend on the situation," he said.

"One thing that is definite is that we will definitely hold multi-party democratic elections. There is no question about this," he said.

When pressed further on the elections, he bristled. "This is an internal affair, why should you be interested?"

Maj-Gen Tin Tun, Minister of Communications and Construction, told reporters that May or April would be most convenient for the elections because it is the dry season when farmers have little work to do.

Gen Saw Maung also told the Thai military delegation that Burma would like students who had fled to the border to return and "guaranteed" that they would be safe if they did.

The Burmese military leader also mentioned the 5,000-baht reward for anyone who assists in the students' return.

"Both sides agreed that more action should be taken against narcotics traffickers who are taking advantage of the situation (of instability) in Burma," Gen Chawalit said.

Gen Chawalit said he came as the head of a Thai border committee and that his visit was not intended to confer recognition or approval of the military regime.

Gen Saw Maung, however, pointedly welcomed Gen Chawalit as "the first dignitary to visit us after the new situation developed in Burma."

Gen Saw Maung said he looked forward to "wider cooperation from friendly Thai authorities" on various border problems, including the minorities and the return of dissident students.

The streets of Rangoon were cleaned up and some areas appeared newly painted for Gen Chawalit's visit.

But soldiers carrying automatic weapons were seen patrolling some streets.

At the Shwedagon, Rangoon's most revered pagoda, more than 100 troops were grouped behind some low buildings, out of sight from the street.

A bookseller at the pagoda, which had been the focus of pro-democracy demonstrations, said the situation there had been quiet for about two weeks.

"The people have to be quiet because the military divides and rules, but all Burmese people want elections," he said. "Many people died here for that."

**Chawalit Sets Up Brigade To Aid Flood-Hit South**  
BK1312014988 Bangkok BANGKOK POST in English  
13 Dec 88 p 3

[Excerpt] Army Commander-in-Chief Gen Chawalit Yongchaiyut yesterday ordered the establishment of a special "development division" in the Fourth Army Region to help post-flood reconstruction and development in the South, Army Secretary Maj-Gen Anuson Kritsanaserani said.

Maj-Gen Anuson said Gen Chawalit initiated the idea of putting soldiers in development work some time ago.

He proposed the idea be put into practice at yesterday's monthly meeting of commanders of army units, Maj-Gen Anuson said.

After the meeting agreed with the plan, Gen Chawalit ordered that a "development division" be created in the Fourth Army Region as soon as possible.

The division will be armed with machinery and equipment to help the people restore their farmland.

Maj-Gen Anuson said details on appointing personnel and acquiring equipment will be worked out by the general staff of the Army.

Gen Chawalit, who returned yesterday from a trip to the South with Prime Minister Chatchai Chunhawan, said he felt supplies of essential goods are now sufficient.

"What people now need is equipment to recultivate their land," he said.

He suggested donations from now on should be more in the form of tools. [passage omitted]

**All Malaya Communist Party Members To Surrender**  
BK1312013988 Bangkok THE NATION in English  
13 Dec 88 p 2

[Text] The remaining 1,000 guerrillas of the Communist Party of Malaya (CPM) are expected to lay down their arms and leave the jungle by January next year, a senior army officer said yesterday.

Lt Gen [Lieutenant General—rank as published] Kiti Kattanachaya, deputy commander of the Fourth Army Region, told reporters in Songkhla that top leaders of the outlawed party are already under the care of the army.

He said they include the No.2 man of the CPM but declined to give details.

More than 500 CPM guerrillas of the pro-Soviet faction last year left the jungle en masse in response to the government's open arms policy.

The former guerrillas were offered amnesty and resettlement in a protected area in Betong District of Yala.

Those who are still waging war against Malaysian authorities from the Thai-Malaysian border areas are estimated to number around 1,000, Kiti said.

He said they are all expected to lay down their arms and join in the national development—the official term for disarmament—by January.

**Princess Chulaphon Leaves for Hong Kong, PRC**  
BK1312105288 Bangkok Army Television Channel 5  
in Thai 1300 GMT 12 Dec 88

[Text] At 0900 on 12 December, Her Royal Highness Princess Chulaphon, together with her daughters—Princess Siriphachuthaphon and Princess Athittayathonkitikhun, boarded a special Air Force plane at the Air Force Headquarters Airport for Hong Kong to open the Interchem Conference'88 organized by the Chemistry Institute of Hong Kong.



After her visit to Hong Kong, Her Royal Highness Princess Chulaphon will pay an official visit to PRC from 13-21 December at the invitation of the PRC Government. During her visit to PRC, Princess Chulaphon will deliver lectures on Thai herbal plants at Chinese educational institutes and will view art and handicraft works of China as well as important historical sites.

### **Vietnam**

#### **Remains of 38 MIA's Handed Over in Hanoi**

*BK1512113088 Hong Kong AFP in English 1125 GMT  
15 Dec 88*

[Text] Hanoi, Dec 15 (AFP)—Vietnam on Thursday handed over the remains of 38 U.S. servicemen presumed missing in action (MIA's) during the Vietnam war to a U.S. military delegation in a ceremony at Hanoi airport.

It was the single largest group of MIA remains to be handed over by Hanoi to the United States since 1982, when the two countries began cooperating in searching for MIA remains.

At the ceremony, Nguyen Can, deputy director of the North America section of Hanoi's Foreign Ministry, gave information to the U.S. delegation about 12 other MIA cases.

The remains of the 38 U.S. MIA's, mostly fighter plane pilots shot down during the war, were found by Vietnamese searchers working alone in northern Vietnam above the 17th Parallel, a North America Section spokesman said.

The remains, put aboard a U.S. Air Force C-141 Starlifter, will go first to the Joint Casualty Research Center in Honolulu to be identified, a U.S. military source said.

A third series of joint U.S.-Vietnamese searches for MIA's ended Wednesday in Nghe Tinh and Binh Tri Thien Provinces in central Vietnam. Three teams of three U.S. and three Vietnamese experts each checked six crash sites and searched three others in these provinces.

Colonel Bill Bell, leader of the U.S. search teams, said the operation that began on December 5 had yielded results, but he refused to elaborate. He said the U.S. Government would give details directly to the families of the MIA's.

The joint searches were part of a three-month plan Hanoi proposed in July aimed at finding 70 "priority" cases before the end of the year. The target remains unfulfilled two weeks ahead of the deadline.

The searches, planned for August-October, were suspended by Hanoi in August after allegedly "hostile statements" made by U.S. officials concerning Vietnam.

They resumed in October with the first two joint searches completed by November. Vietnamese authorities have told the U.S. side that the searches could be extended beyond the initially envisaged three-month period.

According to U.S. Army statistics, 2,387 U.S. servicemen are thought to have disappeared in Indochina, including 1,751 in Vietnam. The Hawaii center has identified 168 MIA remains turned over by Vietnam.

#### **Further Coverage of National Assembly Session**

#### **Vo Van Kiet Gives Economic Report**

*BK1412094688 Hanoi Domestic Service in Vietnamese  
1430 GMT 13 Dec 88*

["Excerpts" from Part 1 of the socioeconomic report delivered by Vo Van Kiet, first vice chairman of the Council of Ministers, on 13 December at the Fourth Session of the Eighth National Assembly]

[Text] In 1988, overcoming numerous difficulties and obstacles, we achieved some progress in realizing targets for grain, consumer goods, export products, capital construction, industrial and communication-transportation development, science and technology, and culture and social welfare, and in elaborating a number of policies to begin application of the new management mechanism in reality. Production has continued to increase, with the gross social product up by 5.4 percent and national income up by 5.8 percent over 1987. Industrial output has gone up by 9 percent, with the consumer goods industry chalking up an 11-percent increase. Consumer goods production has become more abundant and diversified and has begun to be linked with the market. Agricultural output has increased by 4.1 percent, with grain production increasing by 8.5 percent. Thanks to this, the grain production plan may be fulfilled with an output of 19 million metric tons in paddy equivalent. Production at some long-term industrial plants has recorded a significant increase, especially in the household sector.

Although production efficiency in general is still low and requirements for higher output and product quality remain issues to which we must pay special attention, there have appeared, in almost all sectors and localities, numerous units that have carried out production in a dynamic manner in conformity with the new mechanism and have obtained tangible results. From these models, we can learn many useful and lively lessons that prove the vitality of the new management mechanism.

Due to budget constraints, the state could not concentrate capital on meeting many urgent requirements. Nevertheless, we successfully maintained the pace of completion for key state-funded projects. Commissioning of the first and second generator units at the Tri An

Hydropower Plant and the first generator unit at the Hoa Binh Hydropower Plant has been scheduled for this year; this move will help improve our electricity supply step by step.

In addition, all sectors, localities, and grass-roots installations have taken the initiative in looking for other sources of capital to contribute to meeting construction requirements and part of the demand of production and life.

The year 1988 marked the beginning of the democratization process in socioeconomic activities, which helped release the productive force. Council of Ministers Decision No 217, along with the documents that institutionalized Political Bureau Resolutions Nos 10 and 16, partly eased the long-time restrictions imposed by the old mechanism and initially kindled the considerable potential in all fields of the working people in the various economic components. This is aimed at expanding production and business operations to meet the needs of society and creating new moving forces to resolve our country's socioeconomic problems.

However, the results that have been obtained are still very limited. This requires that renovation be continued and uniformly practiced in reality.

The state has promulgated many policies aimed at creating conditions for grass-roots establishments to gradually shift to business accountability, at reducing the number of compulsory legal norms, and at readjusting the prices of materials and energy in such a way as to make them consistent with the actual pricing system step by step. The selling prices of most goods have become less subjected to the grip of bureaucratic administrative regulations. The connection between production and market has narrowed and become more direct with each day.

These new regulations have created a favorable environment for various establishments to bring into play their right to take the initiative along the line of accounting and business so as to reduce the payment of compensation for losses through the state budget and limit the extent of price differences, and to eliminate the subsidy-based and bureaucratic management system of the production and business sector. Although the number of changes remains small, they have provided us with some good experiences for the continued concretization and replenishment of various policies aimed at achieving one more step in the development of a commodity-based economy.

External economic activities have also made progress. Export value achieved its plan and increased by 13.5 percent compared with 1987. All planned norms for the import of a number of major materials—such as gasoline, diesel oil, and fertilizer—have been ensured. Various forms of direct cooperation and joint venture have begun to develop. Economic, scientific, and technical

cooperation between our country and the Soviet Union and other fraternal countries has increased in both quality and business efficiency. The promulgation of the Law on Foreign Investment has resulted in more than 50 projects with low capital, mainly in the fields of oil exploration and exploitation, sea products, and tourism. This is a new sign interpreting the trend for the expansion of international relations.

Apart from the progress that has been made, the following major issues have emerged:

Although the grain production plan has been fulfilled and the grain reserve has increased, progress in this respect is not sufficiently steady. Due to grievous natural disasters, a number of localities—such as Nghe Tinh and some central coastal provinces—have suffered a serious shortfall. Noteworthy is the fact that instead of remaining intact or increasing, the output of subsidiary crops has fallen.

Although the adjusted prices of materials are still low when compared with their value and losses of fixed assets have not been fully calculated because the production costs incurred by many enterprises are still high, enterprises are experiencing difficulty in selling their products, resulting in a lack of capital for production. This is due in part to the fact that the new mechanism has still not taken shape in a uniform manner. On the other hand, it is also due to the fact that standards of management as well as the operating conditions for various enterprises are quite different. Therefore, although operating under the same mechanism and policies at the same prices, some enterprises have achieved good results in their production and the income of laborers at these enterprises is fairly good while other enterprises remain sluggish.

Irrational phenomena continue to occur. While state enterprises should deliver their profits to the state to meet common requirements, the state still has to compensate for losses to maintain the enterprises. This situation requires close and intensive leadership over industrial management, a correct solution to each specific problem in each enterprise, and at the same time, a review of those enterprises that perform poorly and incur losses to deal with them properly.

In the communication and transportation sectors, the material bases continue to deteriorate mainly because investments over the past few years have not been made properly. Moreover, the tasks of organizing and managing communications and transportation have not been upgraded promptly to meet demand. Noteworthy is the fact that investment in capital construction in some sectors and localities continues to be dispersed and to exceed capacity to balance the distribution of materials, which impacts on the concentration of materials to meet other essential demands of the central and local governments.

Due to foreign exchange rates and especially, the management mechanism and the slow determination of prices, we continue to suffer losses in exports. As a result, the general corporations of external trade are unable to control goods and are indebted to many export production installations. Moreover, our exports have been purchased through several intermediary countries and have been subjected to several taxes and irrational expenses which raise production costs, make export ineffective, and force the state budget and producers to bear losses. Goods coming from various sources in the social market are plentiful and circulated actively. Yet, socialist trade that is still entangled in the old mechanism, is unable to surge forward to control the market.

The situation of grain and food products in cities and industrial complexes is still frequently tense whereas in many rural areas sales are slow and stockpiles have been noted in some localities. Market management has not caught up with the development of goods circulation and has not effectively checked the evils of stealing, corruption, speculation, and smuggling. Many private traders still cheat and dodge taxes, and have under-the-counter dealings with bad elements in the state machinery to illicitly enrich themselves, harming the interests of the state and consumers.

Inflation is still serious. Prices went down somewhat in the last few months of the year and in general, price increases during 1988 were lower than those of 1987. However, they are still high and have upset the balance of values in the economy and business and accounting yardsticks and standards. Although responsible agencies have made a big effort and some localities have taken practical measures to deal with the situation, the life of cadres, administrative and professional personnel, armed forces' members, retired cadres, and social security recipients remains difficult.

Noteworthy is the fact that now, with such restraints, expenses for recipients of social welfare policies account for a large part of the state budget. This is a fact that restricts our ability to deal with the situation—although we have the will, we have no power.

The fact that we allowed hunger and grain shortages to occur in the first few months of the year, manifested our weakness in the managerial and operational control of grain, our bureaucratic behavior, and our inadequate sense of responsibility for the people's life.

In a general look back at last year, despite a great deal of progress in many sectors and on many levels, the general socioeconomic situation, especially the national finance situation, has not definitely improved. This is due to objective causes such as the still too low starting point of our country's economy and the abnormal background of our economy. However, here we should stress the subjective causes, first of all the operations of the state, especially at the central level. Although a great deal of

effort has been exerted, the demands of primary installations still cannot be fulfilled promptly. Plans, prices, taxes, currency, and credits should have been effective tools to develop and manage the economy of goods. However, there are still many weaknesses in these fields. At present, there are still many shortcomings and weaknesses in current systems and policies, which have not consistently reflected the spirit of renovation. The principle of democratic centralization in economic and state management has not been implemented well. State management by law has not been observed. At the same time, phenomena of casual and unprincipled liberties in disregard of law and discipline have not been overcome, making the already very difficult socioeconomic situation even more complicated.

### Part 2 of Report

BK1512011288 Hanoi Domestic Service in Vietnamese  
2300 GMT 13 Dec 88

[Continuation of "excerpts" from Council of Ministers report read by Vo Van Kiet, vice chairman of the Council of Ministers, on 13 December at the Fourth Session of the Eighth National Assembly at the Ba Dinh Conference Hall in Hanoi]

[Text] The sixth party congress defined the guiding concepts and strategic tasks of our country's revolution in the initial stage of the period of transition to socialism as follows:

- Thoroughly release the productive forces, and exploit to the fullest the country's potential in all fields, especially the working people's creative capabilities.
- Abolish bureaucratic centralism and subsidies, and switch from a mode of management based mainly on administrative orders to one based on the correct application of objective laws.
- Fully combine national strength with the strength of our time, and transform the autarkic economy to a planned commodity economy along the path of advance to socialism.

Those are the most important contents of economic renovation that we must continue to thoroughly grasp and of which, a significant part must be realized in the 1989 plan.

1. Concerning the 1989 economic targets, the sixth party congress defined the main contents of the three economic programs, regarding them as the core of the economic plans. Reality in past years has clearly shown that these programs cannot be separated from the other contents, which are reflected and balanced in the annual plans within the general framework of the national economy. Proceeding from the guiding concepts of the three economic programs for the 1986-1990 period and from the current situation, in 1989 we must strive for the following concrete economic targets:

—First, we must take an important step in renovating the management mechanism throughout the entire national economy in order to release productive forces,



mobilize and exploit the capabilities of all economic sectors of the entire people, and strive to broaden economic relations with foreign countries to achieve the key tasks of production of grain and foodstuffs, consumer goods, and export articles.

—Second, we must ensure the minimum grain requirements for all society and increase state grain reserves to prevent sudden changes in grain supply and gradually stabilize the people's living standards.

—Third, on the basis of strongly pushing forward production and satisfactorily organizing circulation along the line of developing the commodity economy, we should strive to curb inflation, reduce budget deficits and cash overspending, and gradually slow the rate of price increases. In 1989 all production sectors must make the fullest use of currently available establishments and capabilities, increase the use ratio of equipment and machinery, and absolutely save energy and materials to produce plenty of goods of high quality at low cost, thereby satisfying the diversified demands of the market. Development of production and expansion of services must rely on the capabilities of all economic sectors.

The introduction of technical advances into production must become the constant primary concern of managers and must be regarded as one of the keys to solving production and business problems in applying the new management mechanism. In formulating production plans, we must first concentrate materials, energy, and foreign currency to achieve significant increases in the production of grain and foodstuffs, consumer goods, and export articles.

In 1988, we produced 19 million metric tons of grain in paddy equivalent despite the fact that some areas were hit by disastrous natural calamities and suffered serious shortfalls in grain output. To achieve an output of 21-22 million metric tons in 1990, we must strive to produce at least 20 million metric tons in 1989, an increase of 5.2 percent over this year. The general direction to follow is to develop the commodity economy and bring into full play the strengths of each region in order to resolve the grain problem in a highly efficient fashion. Proceeding in this direction, we must concentrate material facilities for the Mekong River Delta, the key commercial grain-producing region for the entire country, and the Red River Delta, the key grain region of the north, where millions of people are working and living in a state of constant grain shortages.

The daily requirements of staple foodstuffs—primarily legumes and vegetables, assorted livestock, poultry, and maritime products—should be fulfilled on the spot and in each region. In this connection, the Red River delta and the coastal areas will ensure the fulfillment of demands for food on the spot while mainly building reserves to supply Hanoi and major industrial complexes. The border areas will provide for national defense and industrial requirements.

We must strive to increase the exploitation of maritime products by 4.4 percent, and the exporting of maritime products by 13 percent; quickly expand the area of shrimp raising; emphasize investment in the intensive cultivation of shrimp raising; and accelerate the raising of silverfish and perch, and so forth. We should develop industrial crop production by increasing its area by 12.3 percent as compared with 1988. This percentage includes 13 percent of short-term plants and 12 percent of long-term plants.

Through vigorous incentive policies, we should further accelerate the planting of industrial crops such as coffee, tea, coconut, and pepper by various economic components, especially the family-based economy sector.

The paramount task of forestry is to protect and enrich present forest assets, making the forest economy a goods production sector of high value. The area of concentrated forests should increase by 4.3 percent. Moreover, we should apply promulgated policies to further promote the tree-planting movement that is developing among the people, and vigorously accelerate the planting of economic forests, protective forests, and such valuable trees as eucalyptus, indigo plants, and so forth.

The current land disputes in some regions is an urgent yet complicated problem that cannot be resolved in a hasty, impatient manner. The state will continue to provide specific guidance for the correct implementation of the law on land that will serve as a basis for settlement of disputed issues. The administration at all levels must prevent all occurrences harmful to production that disrupt order in rural areas, and check and promptly expose bad elements that instigate peasants, making the situation more complicated. We should rely on the masses to correctly apply the various party directives and resolutions, and on state guidance to deal with each specific case in villages, hamlets, and production collectives. The general requirements are to firmly maintain and strengthen rural solidarity, develop the production of goods, and ensure the livelihood of all strata of the laboring people.

As for the consumer goods industry, we should strive to increase its production volume by 12 percent as compared with 1988. First of all, we must focus attention on essential items such as cloth, paper, medicines, and goods that may produce large revenues for the budget. To gradually increase production efficiency and the quality of goods, we shall limit the practice of assigning plans directly to producers and broaden the bidding formula and signing of contracts between producers and consumers.

### Conclusion of Report

BK1512034588 Hanoi Domestic Service in Vietnamese  
0500 GMT 14 Dec 88

["Part 3" of the socioeconomic report delivered by Vo Van Kiet, vice chairman of the Council of Ministers, at the Fourth Session of the Eighth National Assembly]

[Text] To ensure the implementation of socioeconomic tasks for 1989, one of the most urgent requirements at present is to continue to effect a new mechanism and a

new policy. The basic contents of this new mechanism and new policy must truly reflect the fundamental concepts of the sixth party congress resolution as follows: Abolish the system of centralized bureaucratism and state subsidies; shift economic transactions to business accountability; develop a commodity economy; correctly implement the principle of centralized democracy; truly improve the quality of projects and planning methods; correctly apply the principle governing the relations between goods, money, and the law of values; create conditions for reducing the budget deficit; curb inflation; and gradually stabilize the socioeconomic situation.

The experience drawn from our country and many other socialist countries has indicated that in order to shift to business accountability, one must take appropriate, active, and urgent measures. However, this does not mean that one must act with impatience and haste.

The following are the main points that should be observed in formulating a new mechanism of management for 1989:

#### 1. Concerning the various economic sectors:

First of all, it is necessary to remove all obstacles that stand in the way of the state-operated economy so it can fully exert its influence on the overall economic development. At the same time, efforts must be made to continue to expand the activities of other economic sectors, especially the agricultural, industrial, and small and handicraft sectors. It is necessary to correctly implement the state's policies toward nongovernmental economic sectors engaging in industry and agriculture. Steps must be taken to promulgate a number of policies toward nongovernmental economic sectors engaging in other areas of activities, mainly in service industry and goods distribution and circulation. In this way, people of all walks of life will put their confidence in and enthusiastically carry out these policies.

To bring into full play the potentials of those state-operated economic installations where conditions do not permit the maximum use of equipment and machinery, one alternative is to rent out the equipment and machinery to collectives or private parties. Another alternative is to apply the share-holding pattern. In this way, all production potentials can be fully used to increase production output for the society.

It is important for state-operated economic establishments to drastically shift to business accountability. It is necessary to see to it that establishments that suffer repeated losses be changed into cooperatives, share-holding enterprises, or private installations.

#### 2. Concerning prices:

Given the current serious inflation and price fluctuations, uniform measures must be taken to prevent unexpected changes which are likely to have an adverse impact on production and life.

#### 3. Concerning goods circulation:

The fundamental guiding principle for market management and organization calls for efforts to develop the active influence of market on production, goods circulation, and the people's livelihood. At the same time, steps must be taken to establish control over the market. Resolute action must be taken against speculation and smuggling.

In 1988, there was progress in grain production, but this progress was not sufficiently steady. We must continue to make more active efforts in 1989 and 1990 to ensure a steady grain supply. On the basis of production development, we must satisfactorily organize grain mobilization, including tax and debt collection in strict accordance with set policies, drastically cut down the shortfall and loss ratio which remains too high in grain storage and transportation. We must try by all means, including the immediate practice of economization in consumption, to increase the national grain reserve.

One of the most important measures to correctly use and save grain is to vigorously switch to grain trading, applying business prices universally, truly buying and selling at negotiated prices, using profits in one area to make up for losses in another. The basic guiding principle is that the state will not compensate for losses in grain trading.

As far as consumer goods are concerned, the general requirement calls for efforts to expand the circulation of goods between the urban and rural areas, as well as between the various localities themselves; to establish a direct connection between producers and consumers; and to ensure that goods circulation be free from the middlemen's grip or the restrictions imposed by administrative boundaries.

To this end, it is necessary to appropriately organize and motivate the state-operated trading service before it can start doing business, to closely link wholesale service with retail service, to ensure prompt circulation of goods from producers to consumers, and to reduce transportation cost as much as possible.

#### 4. Concerning foreign economic relations:

To gradually abolish subsidies and make effective use of loans, from now on establishments or sectors using capital borrowed from foreign countries are responsible for repaying their debts, except in cases of some projects determined by the central government. Any production and business establishments needing foreign currency must take the initiative to solve their own problems by buying foreign currency from the banks or by borrowing

from foreign countries and repaying their debts by themselves. All units having income in foreign currency obtained through exports must sell part of their foreign currency to the banks at business prices. The ratio applied for such sales shall be determined according to commodity groups and items. The units concerned are free to use the remaining foreign currency as they see fit. What we should pay attention to is that to implement the new mechanism—the mechanism of foreign currency trading—the banks must adopt appropriate exchange rates, have enough cash to make purchases, and have foreign currency reserves for sale to any units needing it.

5. Concerning state budget and credits:

The state budget is a unified system from top to bottom, with its management divided among different levels. The division of responsibility for budget management must conform to the division of socioeconomic tasks and the level of economic development of each locality so as to exploit to the fullest the potentials and strengths of each region to gradually achieve even development throughout the country.

At present, huge budget deficits are one of the direct causes of inflation, with many dire consequences as reported earlier. In 1989, on the basis of developing production and improving the circulation of goods, we will strive to mobilize about 25 percent of production-generated national income for the state budget in order to gradually reduce budget deficits.

6. Concerning the investment structure:

The total amount of capital construction investment of the national economy comes from many different sources—the central budget, the local budget, credits, self-procured capital of production establishments, capital mobilized from among the people, and capital obtained through cooperation with foreign countries.

7. Concerning nonproductive activities:

To satisfy part of the pressing, immediate demands, in 1989—aside from increasing the level of investment for the social welfare area in which priority will be given to the population program and the efforts to check the degradation of some public health, education, information, and cultural, physical education and sports establishments—it is necessary to adopt the following additional policies:

We suggest that the National Assembly authorize the partial collection of school and hospital fees to help overcome the state of degradation of public health and education establishments, to ensure the livelihood of medical workers and teachers, and to uphold the responsibility of both the state and the people in education and public health services. These fees will not be collected in an egalitarian manner; policies will be adopted to waive

or reduce them for each specific category of beneficiaries. Concerning capital investment and training expenses, the state will entrust the Ministry of Higher and Vocational Education with their management and administration in the entire training system.

8. Concerning the highlands and regions inhabited by ethnic minority groups:

Capital and materials will be concentrated on the building of small-scale water conservancy and hydroelectric power projects. Technical advances will be quickly introduced to production, especially high-yielding crop varieties suitable for the local ecological conditions, to carry out intensive farming and multicropping of both rice and subsidiary food crops and to prevent the destruction of forests from the development of slash-burn upland fields. These tasks will be closely coordinated with the promotion of settled farming and settled life.

9. Concerning cadre organization:

To switch to the system of business accounting, the most important thing is to guarantee the right to autonomy of production and business units, which will be responsible for their own losses, if any; subject to the consumers' choice; and dutybound to fulfill their obligation to make contributions to the state budget. To do so, it is necessary to clearly distinguish between the Council of Ministers' and people's committees' function of administering state management in the economic field and the grass-roots units' function of directly managing production and business activities. The state at all echelons will not interfere in the concrete activities of grass-roots units but will give guidance and create favorable conditions for these units to take the initiative in elaborating plans, setting up joint ventures and promoting associations, and organizing production and business operations in accordance with the state plans' guidelines and market demands.

Dear Comrade Deputies: The Council of Ministers has thus reported to the National Assembly the orientations and policies on resolving the key socioeconomic issues in 1989. The 1989 state plan has been mapped out in that direction, proceeding from the current actual socioeconomic situation and on the basis of exploiting new factors and positive effects of the economic mechanism and policy.

In fulfilling the targets set forth in the draft plan, we will achieve the following results for our socioeconomic situation: Economic sectors will continue to develop, industrial output value will increase by about 10 percent, agricultural output value by 5 percent, export value by 15 percent, gross social income by 7.6 percent, national income by 8.2 percent, and grain per capita will increase from 297.8 kg in 1988 to 307 kg in 1989. With this increased rate and with smooth business transactions between localities, we believe that the food situation will be improved and reserves will be increased. When a



number of important projects and subprojects such as the second generator unit of the Hoa Binh Hydroelectric Power Plant and the third and fourth generator units of the Tri An Hydroelectric Power Plant, the Kien Luong clinker grinding establishment, and the Dac Cau Glass Factory were commissioned, they would produce for the society a considerable volume of products.

Special attention has also been paid to preparations for the 1991-1995 plan and other intermediary projects. With our continued formulation of policies in line with the renovation and in applying them to the people's daily life, we will gradually eliminate bureaucratism and state subsidies, improve production efficacy and quality, reduce transportation expenses, overcome difficulties in the people's daily life, especially that of cadres, workers, and the armed forces.

While foreseeing these prospects, we nevertheless do not belittle the current very great difficulties: Inflation continues critically; prices are unstable; unemployment is increased; population growth is too high; and grain production is not really stabilized. To overcome these difficulties, the socioeconomic management task must be renovated and developed.

Dear comrade National Assembly deputies, our country is facing serious trials and great difficulties. Our party, state, and people are all concerned and worried about this abnormal situation. We in the Council of Ministers are thinking very anxiously about our responsibility toward the country and the people. Reality has shown that the only way for us to extricate ourselves from the difficulties and to continue developing is to satisfactorily implement the resolution of the sixth party congress. It is our responsibility in the Council of Ministers to be deeply imbued with the line and viewpoints of the congress so as to concretize them into new policies aimed at highly developing the great creative potentials of our entire people and to strive to lead the socioeconomic situation out of the current acute difficulties. This is the only correct way that has been proven by reality.

With the spirit of facing the truth, we do not cover up our shortcomings and deficiencies or even errors, while affirming that our orientations and advancing path are correct. A basic decisive factor for all tasks is a real unanimity of our awareness, united cooperation and action of our entire party and people from sectors at the central level to those at provincial and grass-roots levels, including the community of overseas Vietnamese who are always supporting their fatherland.

We firmly believe that, with practical experiences drawn from the past several years, with lines and positions of the Sixth CPV Congress which have been concretized in new party and state policies, and with our people's spirit of diligence and creativity, we will surely fulfill the 1989 state plan triumphantly, thereby creating favorable conditions for 1990, a year in which we will commemorate great President Ho Chi Minh's 100th birthday, and a year with many great significant events in the politico-social life of our country.

#### Details of 15 December Session

BK1512103088 Hanoi International Service in English  
1000 GMT 15 Dec 88

[Text] On the Thursday [15 December] sitting of the current Fourth Session of the Eighth National Assembly of Vietnam, the deputies heard reports on the 1989 socioeconomic plan and state budget.

In his report, Mr Vu Oanh, chairman of the Economic Planning and Budget Committee, urged the Council of Ministers to solve the food problem and food distribution from the standpoint of commodity economy and the shortages of capital and cash in production and business.

Also on the Thursday morning session, the National Assembly heard Mr Ha Quang Du, chairman of the Committee for Youths, Young Pioneers, and Children, reporting about providing jobs for the youths in the 1989 plan.

In its year-end report, the Council of Ministers pointed out that providing jobs for working people is a primary task to stabilize the social situation and increase the national income.

It is estimated that by the end of 1989, the number of people out of work in Vietnam will be 4 million. Most of them are young people.

**New Exchange Rate for National Currency Adopted**  
BK1512075088 Hanoi International Service in English  
1000 GMT 14 Dec 88

[Text] Vietnam has decided on a new exchange rate for the Vietnamese currency against foreign currency. Now 1 U.S. dollar is equal to 2,800 dong, Vietnamese currency. Using this exchange rate as a base, the Vietnamese Foreign Bank also decided the rate of buying and selling Vietnamese currency against other foreign currencies. This decision came into effect on 12 December.

### Australia

**Government Ready for 'Direct Dealings' With PLO**  
*BK1512054288 Hong Kong AFP in English 0530 GMT  
15 Dec 88*

[Text] Canberra, Dec 15 (AFP)—The Australian Government Thursday [15 December] welcomed the United States' decision to begin talks with the Palestine Liberation Organisation (PLO) and said it was ready to follow suit.

Foreign Minister Gareth Evans told Parliament that PLO Chairman Yasir 'Arafat had met all three Australian conditions for such talks in his landmark Geneva speech.

"In satisfying these conditions Mr. Arafat has cleared the way for direct dealings between the Australian Government and the PLO," he said.

These conditions included the PLO's renunciation of terrorism and recognition of Israel's right to exist.

But any recognition by Canberra of a separate Palestine state could only be given as part of a comprehensive peace package.

He said the most pleasing reaction so far to Mr. 'Arafat's speech had been Washington's decision to meet with the PLO.

The PLO maintains an unofficial presence in Australia.

### New Zealand

**Labor Party MP's To Meet Over Lange's Leadership**  
*BK1512073188 Hong Kong AFP in English 0635 GMT  
15 Dec 88*

[By Robert Lowe]

[Excerpt] Wellington, Dec 15 (AFP)—MP's from New Zealand's ruling Labour Party are scheduled to meet Friday [16 December] to decide whether to vote next week on Prime Minister David Lange's leadership, party sources said Thursday.

Labour, re-elected in August 1987 for a further three years, is due to hold its traditional mid-term leadership review early next year. But Mr. Lange, after sacking Finance Minister Roger Douglas, a former personal friend, from the cabinet Wednesday, said he wanted the issue resolved before Christmas.

Mr. Douglas had earlier told journalists he could no longer work with Mr. Lange, adding that he would not rule out a leadership challenge against Mr. Lange in the new year.

His dismissal prompted one of his backers, Revenue Minister Trevor de Cleene, to resign.

Last month, Mr. Lange sacked his fifth-ranked minister, Richard Prebble, another Douglas supporter, after Mr. Prebble said Mr. Lange was irrational and dictatorial for relieving him of the state-owned enterprises portfolio.

The conservative National Party opposition called Thursday for a snap election to resolve Labour's factional disputes.

But Deputy Prime Minister Geoffrey Palmer said the government was secure and would see out its term in office, despite the loss of three cabinet ministers over the past six weeks.

"We can govern this country totally effectively and we will continue to do so," he said.

Mr. Palmer said he was confident Mr. Lange would win any leadership ballot. And he said he expected the financial markets to be stable because the government's economic policies would remain materially the same under new Finance Minister David Caygill. [passage omitted]

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